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LABOR—HEALTH, EDUCATION, AND WELFARE
APPROPRIATIONS FOR FISCAL YEAR 1968

HEARINGS
BEFORE THE
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
NINETIETH CONGRESS

FIRST SESSION

ON

H.R. 10196

MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF
LABOR, AND HEALTH, EDUCATION, AND WELFARE, AND
RELATED AGENCIES, FOR THE FISCAL YEAR ENDING
JUNE 30, 1968, AND FOR OTHER PURPOSES

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DEPARTMENTS OF LABOR, HEALTH, EDUCATION, AND WELFARE, RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1968

MONDAY, MARCH 13, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, New Senate Office Building, Hon. Lister Hill (chairman) presiding.

Present: Senators Hill, Byrd, Holland, and Bartlett.

DEPARTMENT OF LABOR

STATEMENT OF HON. W. WILLARD WIRTZ, SECRETARY; ACCOMPANIED BY JAMES J. REYNOLDS, UNDER SECRETARY OF LABOR; LEO R. WERTS, ASSISTANT SECRETARY FOR ADMINISTRATION; THOMAS A. DONAHUE, ASSISTANT SECRETARY FOR LABOR STANDARDS; CHARLES DONAHUE, SOLICITOR; V. S. HUDSON, DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION; AND RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

INTRODUCTION OF UNDER SECRETARY REYNOLDS

Senator HILL. The subcommittee will kindly come to order.

Mr. Secretary, we are happy to have you back with us. We are always glad to have you and we would be glad to have you proceed in your own way.

Secretary WIRTZ. Thank you very much, Mr. Chairman. First, I would like simply to call the committee's attention to the fact that there have been, within the last week, important changes in the Department leadership and it is my very great pleasure to introduce to the committee for the first time the new Under Secretary, Mr. Reynolds, with whom you have been familiar on previous occasions.

Senator HILL. He has been with us in the past and we congratulate you, sir.

Mr. REYNOLDS. Thank you, Senator.

Senator HILL. We are happy to have you with us.

INTRODUCTION OF ASSISTANT SECRETARY DONAHUE

Secretary WIRTZ. This is the new Assistant Secretary, Mr. Tom Donahue. Tom, if you want to come up here, we would be glad to have you.

Senator HILL. We are glad to have you, Mr. Donahue.

PREPARED STATEMENT

Secretary WIRTZ. Mr. Chairman, my statement covering the Department as a whole is somewhat extensive and if it meets your convenience, I would be glad to have it made part of the record and summarize it only to the extent that seems to be necessary.

Senator HILL. We will have it appear in full in the record, Mr. Secretary and you may proceed.

(The statement follows.)

Mr. Chairman and members of the committee, I appreciate this opportunity to present the programs of the Department of Labor as outlined in the 1968 budget.

This budget is built on a foundation of cost consciousness. We have not been content with things as they have always been. We have continued to search out ways of doing more at less cost and of emphasizing high priority programs while discarding the obsolete. Inefficiency and waste is not tolerated. Concern that the cost of these valuable programs be kept at the absolute minimum is shared at all levels of administration of the Department. We have kept faith with the purpose of the President and of this Committee to achieve improved administration at reduced costs. I therefore recommend this budget to you with confidence.

ESTIMATED 1968 REQUIREMENTS: IN GENERAL

Programs have to be reduced to measurable terms. The most common measure is the cost of transacting the business of the programs, and that cost is represented in the budget figures we are here to discuss today.

In those sometimes cold figures then—A total of \$1,265,618,000 is requested in the estimates.

This is a net increase over 1967 of \$58.6 million (less than 5%) of which \$36.3 million is to meet mandatory costs required by law and \$22.3 million is for program items that allow some administrative discretion. This latter amount includes \$5.6 million to carry out newly enacted legislation.

To finance this increase (\$58.6 million) will require \$21.1 million in additional authorizations from general funds and \$37.5 million in increased trust fund authorizations.

The information presented in attachments 1 through 4 gives more detail on the estimate and may be summarized into these major purposes for which we are justifying funds.

Function	1967 estimate	Percent	1968 estimate	Percent
For training allowances and experimental training projects under MDTA.....	\$411, 522, 000	34. 1	\$429, 261, 400	33. 9
For administration of State employment security agencies.....	524, 000, 000	43. 4	557, 107, 000	44. 1
For unemployment and workmen's compensation benefits payments to covered workers.....	155, 527, 000	12. 9	157, 521, 000	12. 4
For administration of programs.....	115, 957, 278	9. 6	121, 728, 600	9. 6
Total.....	1, 207, 006, 278	100. 0	1, 265, 618, 000	100. 0

For 1968, a total of 9,494 positions are requested. This represents a net increase of 570 (or slightly over 6%) over 1967.

The increases can be accounted for in this manner:

Newly enacted legislation:

Two hundred and fifty positions to administer the 1966 amendments to the Fair Labor Standards Act.

Fifty positions to carry out the provisions of the 1966 amendments to the Federal Employees' Compensation Act.

Other program increases:

Sixty-one positions to provide much needed safety services to the maritime industry because of expansions arising out of Viet Nam activities and increased trade.

One hundred and thirty positions to strengthen and meet the need for expanded and improved collection, analysis and dissemination of economic data.

Thirty-six positions for staff resources in the Office of the Secretary (for regional representatives, cost accounting systems, policy planning, program review and analysis and organization and management improvement).

Nineteen positions for civil rights and Federal Contract Compliance responsibilities.

Five positions to guide studies and analyses designs to improve United States employer relations with local national employees in other countries.

Twenty-five positions are not really new. They represent a change in financing of certain civil defense functions.

Three other items that are technical in nature, but that have an overall impact on the 1968 budget are presented at the end of this statement in more detail. They are: appropriation structure; cost of employee pay increases and employee relocation; and costs of within-grade salary increases.

PROGRAM ESTIMATES

I. MANPOWER ADMINISTRATION

The several manpower, employment, and training programs of the Department were brought together in 1963 in a Manpower Administration.

The Administration was set up in the beginning with the Under Secretary serving as Manpower Administrator. Upon its establishment, the administration was put under the direction of a full-time Administrator. In 1966, the President designated one of the Assistant Secretaryships in the Department as being for Manpower. Stanley H. Ruttenberg, who had been serving as Administrator, was appointed Assistant Secretary for Manpower, and is presently serving in both capacities.

The *Manpower Administration* includes several constituent units within the Department:

The *Office of the Manpower Administrator* itself exercises general supervisory authority within the Administration and also handles directly certain Manpower Development and Training Act activities.

The *Bureau of Employment Security* (BES) includes the *United States Employment Service* (USES), the *Unemployment Insurance* (UI) Service and the *Farm Labor Service* (FLS). The Bureau exercises broad responsibility in connection with the administration of the Wagner-Peyser Act of 1933 (setting up the Federal-State employment service), the Unemployment Insurance Act of 1935, and the Manpower Development and Training Act (particularly the "institutional training" programs). Most of the BES expenditures are financed out of the Trust Fund created in the Unemployment Insurance Act (to which all covered employers pay .4% of the covered wages of their employees; resulting in total annual payments of over half a billion dollars; with 95% of this going to finance the administration of the State programs).

The *Bureau of Apprenticeship and Training* (BAT), which administers responsibilities under the Apprenticeship Act of 1937, and also the on-the-job training programs under the Manpower Development and Training Act.

The Manpower Administration has also included a unit, the Neighborhood Youth Corps (NYC), set up to exercise responsibility delegated to the Department by the Office of Economic Opportunity (OEO) under the Economic Opportunity Act of 1964. Additional delegations of authority to the Department to operate other work-training programs have made it advisable to establish—in the Manpower Administration—a Bureau of Work Programs. (This will include the Neighborhood Youth Corps.) For budget purposes, however, the functions of this unit are covered by the OEO and HEW presentations to the Committee—and therefore do not appear in the Department of Labor presentation.

The details of the budgetary items lying in this area will be presented to the Committee by the appropriate officials.

I offer only this general summary:

A. OFFICE OF THE MANPOWER ADMINISTRATOR

The 1966 appropriation for this Office—which covers general administrative functions for the Manpower Administration and the experimental, demonstra-

tion, and research programs under Title I of the Manpower Development and Training Act—*was* \$35,395,800. (These experimental, demonstration, and research programs are carried on by the Office of Manpower Policy, Evaluation, and Research (OMPER)—a special unit within the Office of the Manpower Administrator.

The 1967 appropriation for the Office of the Manpower Administrator is \$30,900,000.

The requested appropriation for 1968 is \$36,779,000—up by \$5,879,000 (19%) over 1967, and by \$1,383,200 over 1966.

There are two major points of new emphasis in the proposed 1968 demonstration and research program.

We are requesting an increase of \$5,583,000 for demonstration projects that would seek to develop additional new forms of industry-government cooperative effort to train and to gain meaningful employment for the severely disadvantaged unemployed and underemployed. Inasmuch as government resources for training are relatively limited in relation to the total need, and private industry is the central source of employment opportunity, it is crucial that private industry be stimulated and guided into more direct investment of its large-scale resources in the development of needed skills and employment for the disadvantaged.

An increase of \$500,000 is requested to initiate a research study concerning the adequacy, extent and quality of training programs in the United States. This National Occupational Training Study will seek to explain why millions of American workers come through our private and government sponsored schools and training programs with so little education and useful training that they cannot find jobs even as our economy drops below the 4 percent level of unemployment, and as skill shortages begin to develop.

B. MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

These activities are also presented as part of the presentation of the Office of the Manpower Administrator itself. A good many of the operational responsibilities involved are exercised by the Bureau of Employment Security and the Bureau of Apprenticeship and Training. This form of presentation is followed, however, in order to distinguish between the Manpower Development and Training Act programs (which are covered here) and the *other* programs in the BES and the BAT (which are covered in subsequent sections of this presentation).

In 1966, the Manpower Development and Training Act appropriation (other than that for the Office of the Manpower Administrator; covered in item A, above) was \$399,595,000.

273,000 training opportunities were funded.

140,000 individuals completed training; and 110,000 of these were placed in employment.

It is difficult, indeed almost impossible, to relate appropriations for a specific year directly to the results from these specific appropriations because the time for setting up and carrying out the programs extends over more than a year (the training periods themselves, for example, vary in length up to 104 weeks).

In 1967, this appropriation is \$390,044,000.

250,000 training opportunities are being funded.

148,000 had been approved as of December 31, 1966.

The request for 1968 is for \$401,854,000. This is an increase of \$11,810,000 over 1967 (about 3%), and is \$2,259,000 over 1966. This will cover the funding of 280,000 training opportunities.

The 1968 program will be directed at (i) training the disadvantaged, and (ii) meeting skill shortages.

Even at the unemployment level of less than 4 percent, there still persists a high rate of unemployment among young workers, the uneducated, and the minority groups.

The Manpower Development and Training Act program has been redirected in 1967 toward an individualized approach as the most effective way to reach and help the disadvantaged, by equipping them to be self-supporting. This approach requires increased State Employment Security agency staff to make sure that adequate services are provided.

The 1966 Amendments to the Manpower Development and Training Act help overcome the deficiencies that have been recognized in the program by expanding the types of programs and services that can be offered to trainees.

Approximately 56,000 trainees will be given training under the new part-time training, employment skill training and prison inmate programs in 1968. Approximately 20,000 individuals will be given training in employment skills such as language skills, work orientation and basic work habits. This program is designed to assist persons who do not require occupational skill training but are unable to get a job because of some other deficiency.

A pilot program for training 5,000 prison inmates is also proposed for 1968 to equip them with skills to make them employable upon their release from prison.

The program for 1968 proposes to give over 100,000 trainees, or about 35% of the total, training in skills where shortages exist or are expected. An estimated 31,000 persons will be given part-time training, a program which will permit persons employed in low skill jobs to be trained for jobs of higher skill levels. Their advancement in turn, leaves their lower level jobs open to persons just entering the labor force or completing training.

C. BUREAU OF APPRENTICESHIP AND TRAINING

The responsibilities of the BAT include both the promotion of traditional apprenticeship programs and the development of on-the-job training programs under the Manpower Development and Training Act.

The BAT appropriation covers staff and promotional work. (The on-the-job training programs costs are covered in the MDTA appropriation; see item B, above.)

The 1966, BAT appropriation was \$7,105,000.

The 1967 appropriation is \$8,180,000.

The request for 1968 is \$8,416,000 (up by \$236,000, or 3% from 1967).

The private apprenticeship programs in the skilled trades included 237,000 apprentices in 1966. This number is up this year to about 246,000. It is expected to go in 1968 to 259,000.

About 65,000 new apprentices are registered each year in the private apprenticeship programs, and about 26,000 complete their training. Each of these numbers is now increasing at the rate of about 1,000 a year.

Approximately 73% of the proposed BAT budget and 76% of its personnel is for apprenticeship promotion programs.

The remainder of the BAT budget is for administration of the on-the-job (OJT) training programs under the Manpower Development and Training Act.

The OJT program has been significantly enlarged this year.

One hundred and twenty-five thousand OJT training opportunities will be created.

Eighty thousand individuals will be enrolled (during the fiscal year).

Approximately 60,000 of these 80,000 will be hired as trained workers after their training period.

During FY 1968, the number of newly created OJT training opportunities will be reduced slightly (to 112,000); but the number of enrollees (including those in programs established in FY 1967) will increase to about 108,000, and the number hired after training is expected to go up to just about 100,000.

D. BUREAU OF EMPLOYMENT SECURITY

The Bureau of Employment Security (BES) authorization is divided into three parts.

By far the largest item is for *grants to the States* for the administration of the State employment and unemployment insurance programs. This amount comes entirely from the Trust Fund (referred to above).

In 1966, the authorization for State grants was \$492,100,000.

In 1967, it is \$524,000,000.

The request for 1968 is \$557,107,000. This is an increase of \$33,107,000 (or 6.3%) over 1967.

The second item is for *salaries and expenses for the administration of the BES itself*. This comes largely, but not entirely, from the Trust Fund.

The 1966 authorization for this second item (BES) was \$19,466,200.

In 1967, it is \$20,672,000.

The request for 1968 is \$21,048,000. This is up \$376,000 (about 2%) from 1967.

The third item in this authorization series is for *Unemployment Compensation for Federal Employees and Ex-Servicemen*. Unlike the other two items

(which are for the administrative salaries and expenses) this item is for the *benefits to be paid to Federal employees and ex-servicemen who are unemployed and to workers who are adversely affected by automobile parts trade agreements with Canada. It comes from general funds.*

This Unemployment Compensation appropriation for 1966 was \$131,000,000.

In 1967, the appropriation is \$90,000,000.

The request for 1968 is \$65,000,000. This decrease of \$25,000,000 (28%) is explained by the fact that unemployment in these areas has been and will be lower than expected when funds were appropriated for 1967.

The scope of the Federal-State employment service activities is suggested by these figures:

Between ten and eleven million new applicants visit the State employment service offices each year; and this number is increasing by several hundred thousand a year.

About 19 million job referrals are made annually.

About 7 million placements are made.

The "clientele" served by the State employment service offices includes, annually

over 4 million youths,

over 1½ million older workers,

over 1½ million veterans of military service.

Approximately 3.8 million unemployed persons receive about \$1.8 billion in unemployment insurance benefits. (Both of these figures are down substantially from those for 1966—when 4.5 million unemployed received \$2 billion in benefits. Next year's estimate is the same as for the current year.)

The Federal-State employment service program, like the apprenticeship program, is now an integral part of the broader manpower program. The functions of the BES, the United States Employment Service and the State employment Service (like those of the BAT) now include active roles in the carrying out of the Manpower Development and Training Act and other work-training programs. There have been marked changes and expansions of these roles since 1962, and they are being constantly enlarged as responsibility for administering the various work-training programs is centralized in the Department of Labor. This is essential to the effective administration of these programs, and to the avoidance of duplication of functions.

II. LABOR-MANAGEMENT RELATIONS

Just as the Manpower Activities of the Department have been brought together in the Manpower Administration, those responsibilities involving the general relationships of employers and employees have been consolidated in a Labor-Management Services Administration (LMSA).

The LMSA is also under the direct supervision of an Assistant Secretary of Labor, with provision being made for an Office of the Administrator as this appears desirable.

The Labor-Management Service Administration includes the offices charged with responsibility for administering the Welfare and Pension Plans Disclosure Act, the reemployment provisions of the Universal Military Training and Service Act, the Labor-Management Reporting and Disclosure Act. The Department's handling of major labor disputes is also included within the responsibility of the Assistant Secretary for Labor for Labor-Management Affairs. (It should be noted that there has been under consideration for some time, and is currently, the expectation to put the FLSA activities within the third (and final) "Administration" (for Labor Standards) which will be set up to complete the efficient organization of the Department.) (At the present time the Wage and Hour and Public Contracts Division is supervised by the Assistant Secretary for Labor-Management Relations.)

For purposes of presentation to the Committee, the area covered by the Labor-Management Services Administration is divided into two parts: (1) General—including activities under the two reporting and disclosure acts, and under the veterans' reemployment rights legislation; and (2) the activities of the Wage and Hour and Public Contracts Division—including activities under the Fair Labor Standards Act and the Walsh-Healy Act.

A. LABOR-MANAGEMENT SERVICES ADMINISTRATION: GENERAL

The 1966 appropriation for this group of activities was \$8,588,000.

The 1967 appropriation is \$8,510,000.

The requested appropriation for 1968 is \$8,683,000.

This is up \$173,000 (or 2%) from 1967.

In statistical terms, which tell very little of these activities:

The Office of Labor-Management and Welfare-Pension Reports receives each year, under the Welfare and Pension Plans Disclosure Act and the Labor-Management Reporting and Disclosure Act approximately 216,000 reports; and this number is increasing at a rate of about 5,000 a year; and approximately 8,000 investigations are made annually under these two Acts.

The Office of Veterans Reemployment Rights receives and processes each year between 1,500 and 2,000 compliants from returning veterans that their reemployment rights have been disregarded or violated.

More generally, and looking to the future so far as the LMSA is concerned—

Anticipated expirations of collective bargaining agreements in the coming year may well increase the need for staff assistance to the Office of the Secretary to facilitate the resolution of critical disputes which fail resolution through customary means. Increased demands for legislative and administrative proposals and serious Congressional consideration of alternative approaches to the problems in this area must also be anticipated and staff services provided.

While there will be some increases in separations from the military services and a substantial increase in the workload resulting from the expanded coverage of the Department of Defense-Department of Labor referral system, revised procedures, paper work management improvements, and realignment of duties and responsibilities will make it possible for the increased workload to be handled within existing resources.

B. WAGE AND HOUR AND PUBLIC CONTRACTS DIVISION

The central activity of this Division is the administration of the Fair Labor Standards Act.

The 1966 appropriation for this function was \$21,519,000.

The 1967 appropriation was \$22,256,000.

The requested appropriation for 1968 is \$25,424,000. This increase of \$3,168,000 (14%) is required to meet the enlarged administrative responsibilities resulting from the 1966 extension of the coverage of the FLSA to an additional 8 million employees.

These are some of the measurements of the scope and effect of this Division's activities:

About 55,000 investigations of employer payrolls are made this year. This number will have to be increased to at least 59,000 in 1968.

About 25,000 employee complaints are being received and acted on this year. This will increase to 30,000 next year.

About 33,000 employers are being found each year to be in violation of the monetary provisions of the law—most of them having acted inadvertently.

In 1966, some 428,800 employees were found to have been underpaid, by a total amount of \$89,900,000. These figures are running slightly lower this year (1967), but will in all probability move up again in 1968 (because of the extension of the law) to about the 1966 level.

Approximately 20,000 cases of children being employed in violation of the child-labor provisions of the law are found each year—with appropriate steps being taken.

Approximately 1,000 new wage determinations, affecting some 200,000 employees, will be issued this year under the Service Contract Act of 1965.

In 1968 the major new efforts under this program will be directed toward carrying out the provisions of the 1966 amendments to the Fair Labor Standards Act.

Beginning February 1, 1967, coverage was extended to more than 8 million additional employees, an increase of 25 percent. The 600,000 establishments added represent a 50 percent increase. Many of these newly covered workers who are employed by laundries, hospitals, hotels and motels, restaurants, retail establishments and in farm work have traditionally been among the lowest paid workers. All of the 32 million workers covered prior to the amendments became

subject to a minimum wage standard of \$1.40 an hour effective February 1, 1967 and will be entitled to \$1.60 an hour beginning February 1, 1968.

Some 4.7 million workers are entitled to receive wage increases in 1967 as a result of the extension of coverage and higher minimum wage standard established by the 1966 Fair Labor Standards Act amendments.

An increase of \$2,780,000 is requested to administer the new and higher standards provided by the 1966 FLSA amendments. Another \$100,000 is requested to launch an extensive study of the various means of getting better public understanding of the Act and increased voluntary compliance.

III. LABOR STANDARDS RESPONSIBILITIES

It is expected, as has been indicated above, that several of the Department's bureaus will be placed within the proposed Wage and Labor Standards Administration—completing the integrated organization of the Department.

This will include the Wage and Hour and Public Contracts Division, and the following Bureaus: Bureau of Labor Standards (BLS), Women's Bureau (WB), and Bureau of Employees' Compensation (BEC).

The appropriation items for these bureaus are presented separately.

A. BUREAU OF LABOR STANDARDS

The 1966 appropriation was \$3,281,500.

The 1967 appropriation is \$3,389,000.

The requested appropriation for 1968 is \$4,645,000. This increase of \$1,256,000 (up 37%) is principally to permit meeting the need for increased safety training programs to offset the rise in maritime industry accident rates resulting from increased military supply activities and expanded trade, and to meet new demands resulting from the extension of the FLSA.

Few of the activities of this Bureau are susceptible of statistical measurement. They include only illustratively,

The servicing of State labor agencies in connection with legislative and administrative developments.

Enforcement of the safety provisions of the Public Contracts Act—with some 250 violations being found, and corrected, each month.

Over 20,000 maritime safety inspections were made last year. A similar number are being made this year. This should be increased to 35,000 in 1968.

The Federal Government's safety program (Mission SAFETY-70) is carried on by the Bureau.

During the past year all of the Department's safety functions were consolidated in this Bureau. As a result of this action, 27 million workers covered by various acts and orders will receive better safety and health protection.

Efforts encouraging Federal agencies to intensify their accident prevention plans are showing results. The rate of work injuries for 1965 was the lowest on record—7.3 disabling injuries per million man-hours worked. The resultant avoidance of lost manpower saved \$4 to \$5 million.

The marked increase in maritime activities arising from the Nation's Southeast Asian commitments has resulted in a rising number of accidents to workers in these industries. In the first nine months of 1966, accidents in shipyards alone rose 13 percent over the same period in 1965. In order to reduce this loss in defense production, transportation and manpower in maritime operations, an increase of \$676,000 is requested for intensified service in 1968.

The 1966 amendments to the Fair Labor Standards Act bring nearly a million new young farm workers under the Act. In order to protect these workers in the coming year, a hazardous-occupations order must be developed in agriculture. Appropriate standards must also be developed to apply to youth in the newly-covered nonagricultural industries. An increase of \$80,000 is being sought to cover these new responsibilities and the issuance of work permits or certificates so that employers are assured that the boy or girl is of age.

B. WOMEN'S BUREAU

The 1966 appropriation for the Women's Bureau was \$871,000.

The 1967 appropriation was \$888,000.

The requested appropriation for 1968 is \$912,000. This is an increase of \$24,000 (3%).

Promotional efforts to stimulate more use of the Nation's women, to improve their economic status and to provide information and assistance to women generally are not measured meaningfully but an indication of the growing interest in this area is that there will be 53 Commissions on the Status of Women established throughout the Nation by the end of 1967.

C. BUREAU OF EMPLOYEES' COMPENSATION

The Bureau of Employees' Compensation (BEC) consists of two accounts—both of which are aimed primarily at compensating Federal workers injured or the families of those killed on duty.

The larger item is for the actual compensation benefit payments. The greater proportion of the resources is from direct appropriation. A lesser amount is reimbursed by other Federal agencies.

The 1966 total authorization was \$75,175,000 (\$48,530,000 was appropriated). The 1967 authorization was \$89,196,000 (\$44,375,000 already appropriated and \$12,196,000 will be requested to pay benefits authorized in the recent FECA amendments).

The requested authorization for 1968 is \$92,521,000 (an increase of 4%). The direct appropriation request is \$56,061,000 (a 1% decrease).

The second item is for *salaries and expenses* for administering the BEC. This is largely direct appropriation.

The 1966 appropriation for this item was \$4,617,550.

The 1967 appropriation was \$4,772,000.

The request for 1968 is \$5,576,000. This is up \$804,000 (17%) to pay for the costs of administering the recent FECA amendments and to start a study of BEC with a view to improving the organization and its efficiency.

The scope of these activities may be gauged by the fact that almost 135,000 cases were closed last year—this is expected to rise by 10,000 in 1967 and continue into 1968.

IV. OFFICE OF THE SECRETARY AND BUREAUS AND OFFICES REPORTING DIRECTLY TO THE SECRETARY

A. OFFICE OF THE SECRETARY

The 1966 appropriation was \$3,720,000.

In 1967 it was \$3,825,000.

The requested appropriation for 1968 is \$5,484,000. The increase of \$1,659,000 (about 43%) is accounted for by two major items—the centralization of Departmental audit and accounting systems functions is provided by a \$957,000 increase here with comparable reductions in other budgets. Several increases calculated to furnish businesslike guidance and support to the Department's programs cover the balance. The most notable of these are:

\$175,000 to provide for seven additional Regional Representatives and clerical assistance to assist me and other officials to direct Departmental programs in the field. This augments a 2-year experiment that has proved most valuable.

\$175,000 would provide much needed advice on policy and planning goals, program and budget evaluation and organization and management services.

The Department's share of costs of Civil Service Commission Interagency Boards of Examiners is estimated at \$75,000.

B. BUREAU OF LABOR STATISTICS

The 1966 appropriation for the Bureau of Labor Statistics (BLS) was \$19,968,000.

The 1967 appropriation was \$20,350,000.

The 1968 requested appropriation is \$23,054,000. The increase requested—\$2,704,000—is about 13%.

In 1958 the major focus of this increase is directed toward getting more precise information about the employment and related problems facing those who live in central city slums; improving the measurement of price changes, including more accurate adjustments for quality in the Consumer Price Index; assessing the competitiveness of United States products in international trade; and improving our knowledge of employee wages and benefits.

To help solve the difficult and persistent problems of poverty that continue in our major cities, much more precise information is needed—not only on the characteristics of the people, and the conditions in which they find themselves, but

also on the impact of the many-sided effort being made to raise living standards in these areas. Therefore, a series of surveys (at a cost of \$1,000,000) in the poverty sections of 10-15 major areas is proposed.

Great public reliance is placed on the Consumer Price Index. Additional work is needed for investigation of survey methods which will be utilized in the next revision of the index: to extend and improve the industry-sector price indexes by adding 75 additional industries to those now included; and by substituting the more accurate transaction prices for list prices. \$704,000 of the increase applies to this item.

BLS is already undertaking development work to measure the competitiveness of United States products in international trade, and we are now proposing to expand this activity in two directions at a cost of \$120,000 to provide essential information to business firms, exporters, and others concerned with expanding markets for United States goods. Funds are requested to compare both the absolute level and the trend over time of United States commodities important in international trade with those originating in other countries.

As Chairman of the President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs, I have become acutely aware of special needs for more precise information about private pension plans. We are requesting funds in the amount of \$150,000 for expanding our programs to study both the provisions and the operations of the numerous benefit plans, including their financial aspects and their role in the Nation's economic security system. Business, labor unions, and pension plan administrators will all benefit from these studies.

Finally there is a proposal involving additional costs of \$200,000 to secure much greater detail than is now available on the general wage changes which are made in nonmanufacturing industries. Development of these statistics will be useful to management and union negotiators and will make possible a more meaningful assessment of the behavior of wages in the economy, their impact on prices, and their relation to changes in income and employment.

C. ASSISTANT SECRETARY FOR INTERNATIONAL LABOR AFFAIRS, AND BUREAU OF INTERNATIONAL LABOR AFFAIRS

The Bureau of International Labor Affairs has responsibility for two requests. The first account is for *salaries and expenses* of the Bureau.

The 1966 appropriation was \$1,219,000.

The 1967 appropriation was \$1,230,000.

The 1968 request is for \$1,463,000 an increase of \$233,000 (about 10%). The transfer of the administrative costs of some trade functions from BES—at \$100,000—is almost one-half the increase. The functions of this Bureau are not susceptible of statistical counting.

Another \$100,000 is proposed to launch a program on a modest scale in an area of some concern. All too frequently any problem in labor-management relations of United States employers overseas have been seized upon by anti-United States elements. This despite the fact that the record of labor management relations of United States firms overseas is exceptionally good. The initial request will be used primarily for study to develop information and knowledge on how to initiate a program of education. This small investment would result in large dividends through the improvement of the American image in the developing countries.

The second item is a *special foreign currency* appropriation to finance conferences of labor offices overseas.

The 1967 appropriation—the first year for this account—was \$75,000.

The request for 1968 is \$75,000—no change from 1967.

The conference held in New Delhi, India, the one planned this year in Tel Aviv, Israel and future conferences are a valuable way of keeping those labor officers stationed overseas informed of current policies and their implications.

D. OFFICE OF THE SOLICITOR

The 1966 appropriation was \$5,608,000.

In 1967, \$5,591,000 was appropriated.

The 1968 appropriation request is \$5,885,000. This is an increase of \$294,000 (about 5%).

Legal activities are not given to meaningful statistical counts, however, some measure may be taken by realizing that almost 1900 cases were instituted in

1966 under the various laws for which the Department is responsible. The case load is expected to increase.

The request includes only one program increase, for an additional \$140,000 to meet the responsibilities in interpreting and litigating questions arising under the 1966 amendments to the Fair Labor Standards Act.

E. FEDERAL CONTRACT COMPLIANCE AND CIVIL RIGHTS PROGRAM

The 1966 appropriation was \$451,000 for that part of the year in which the organization existed.

The 1967 appropriation was \$1,103,000.

In 1968 the request is for \$1,355,000, an increase of \$252,000 (about 23%).

The 1968 increase is to meet the heavier work demands in securing equal opportunity compliance from Government contractors and to operate more thoroughly in securing compliance with Title VI of the 1964 Civil Rights Act.

In this account funds are included for the Plans for Progress. This activity is in the Department of Labor only for housekeeping purposes. Mr. Sylvester, who will present the estimate, is not responsible for the program but is completely familiar with it. The present director has been on the job only a few weeks.

Indicative statistical measures of these programs show :

Almost 160,000 facilities and sites will be subject to contractor compliance activities in 1967. This will grow to 220,000 in 1968.

Complaints of discrimination under Title VI of the Civil Rights Act are expected to reach 600 in 1967 and rise to 750 in 1968.

The development and implementation of policies and programs to ensure that Government contractors and subcontractors in fact provide equal employment opportunity commensurate with the abilities of applicants and employees is among our most important national objectives. We must meet our obligations as coverage expands and provide fair and equal treatment to employers and employees alike.

Programs or activities receiving Federal financial assistance cannot, under Title VI of the Civil Rights Act, deny participation or benefits to any person on the ground of race, color or national origin. This prohibition covers all of the manpower training and benefit programs of the Department discussed earlier. As these programs grow, and as individuals become aware of their rights, more and more individuals are expected to complain of discrimination. In approximately 85 percent of the cases where a complaint has been investigated, there has indeed been found evidence of discrimination.

V. PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

This activity is in the Department of Labor only for housekeeping purposes. There have been some recent changes in the supervision of this program but nevertheless Mrs. Peterson will present the budget.

Thank you, I shall be happy to answer any questions you wish to ask.

APPENDIX

Explanation of :

Changes in Appropriation Structure.

Pay Increase and Employee Relocation Costs.

Mandatory Within-Grade Promotion Costs.

CHANGES IN APPROPRIATION STRUCTURE

There are several changes in organization pattern that are reflected in the budget as "comparative transfers". Attachment #5 details these. They involve :

The transfer of the Department's safety functions from Wage and Hour Division to the Bureau of Labor Standards to bring similar efforts under a single head.

The transfer of the certain trade functions from the Bureau of Employment Security to the Bureau of International Labor Affairs.

The transfer of audit staff from the Office of the Manpower Administrator and the Bureau of Employment Security to my own office in order to centralize and better coordinate these functions.

The change in funding of the balance of the accounting systems and audit staff from the Working Capital Fund to the appropriation "Salaries and Expenses, Office of the Secretary." Offsetting this increase are decreases in the budgets of the various bureaus in the amounts they would normally have paid into the Working Capital Fund for these services.

ATTACHMENT 1
U.S. DEPARTMENT OF LABOR
Comparison of 1967 appropriations with 1968 estimates

Appropriation	Fiscal year 1967							
	Enacted (1)		Supplementals ¹ (2)		Comparative transfers and reserves (3)		Total (4)	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Manpower development and training activities.....	168	2 \$392,589,538					168	\$392,589,538
District of Columbia Employment Service Center.....	25						25	
Office of Manpower Administrator.....	421	3 31,920,740		+87,000			410	31,832,740
Bureau of Apprenticeship and Training.....	686	8,180,000		+79,000	-11	-\$185,000	686	8,245,000
Grants to States.....	(290)	(524,000,000)				-14,000	(290)	(524,000,000)
Unemployment compensation for Federal employees and ex-servicemen.....		4 91,331,000		-13,561,000		\$ -11,439,000		66,331,000
Bureau of Employment Security:								
Salaries and expenses.....	216	2,750,000						
(Trust).....	(1,414)	(17,922,000)		(+245,000)	-9	-128,000	207	2,622,000
Labor-Management Services Administration.....	673	8,510,000		+68,000	(-24)	(-398,000)	(1,390)	(17,702,000)
Wage and Hour Division.....	1,827	22,256,000		+481,000	-23	-18,000	673	8,560,000
Bureau of Labor Standards.....	266	3,389,000		+45,000	+23	-423,000	1,804	22,311,000
Women's Bureau.....	76	888,000		+23,000		+388,000	289	3,822,000
Bureau of Employees' Compensation:						-3,000	76	908,000
Compensation fund.....		44,375,000		+12,196,000				
Chareback costs.....		(32,625,000)						56,571,000
Salaries and expenses.....	524	4,707,000		+161,000		-8,000	524	(32,625,000)
(Trust).....	(7)	(65,000)		(+2,000)			(7)	4,860,000
Bureau of Labor Statistics.....	1,837	20,350,000		+243,000		-52,000	1,387	20,541,000
Bureau of International Labor Affairs.....	85	1,230,000		+20,000	-8	+91,000	93	1,341,000
Excess Foreign Currency.....		75,000						75,000
Office of the Solicitor.....	479	5,431,000		+148,000		-16,000	479	5,583,000
(Trust).....		(140,000)		(+4,000)				(144,000)
Office of the Secretary.....	263	3,685,000			+43	+559,000	306	4,244,000
(Trust).....	67	(140,000)		(+24)	(+24)	(+398,000)	(24)	(538,000)
Office of Federal Contract Compliance.....		1,103,000				-3,000	67	1,100,000
President's Committee on Consumer Interests.....	19	327,000					19	327,000
Total, general funds.....	7,182	643,117,278			+31	-11,254,000	7,213	631,863,278
Total, trust and other funds.....	(1,711)	(574,892,000)		(+251,000)			(1,711)	(575,143,000)
Grand total.....	8,893	1,218,009,278		(+251,000)	\$ +31	7-11,254,000	8,924	1,207,006,278

Appropriation	1968 estimate		Difference (col. 5 minus col. 4)				Total	
	(5)		(6)		(7)		(8)	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Manpower development and training activities.....	168	\$401,854,000		-\$47,000		+\$0,311,462		+\$9,204,462
District of Columbia Employment Service Center.....	25							
Office of Manpower Administrator.....	410	36,779,000		+45,381		+4,900,879		+4,946,260
Bureau of Apprenticeship and Training.....	688	8,416,000		+103,200	+2	+67,800	+2	+171,000
Grants to States.....	(290)	(557,107,000)		(+32,632,000)		(+175,000)		(+33,107,000)
Unemployment compensation for Federal employees and ex-servicemen.....		65,000,000		-1,331,000				-1,331,000
Bureau of Employment Security:								
Salaries and expenses.....	207	2,730,000		+101,800		-3,800		+98,000
(Trust).....	(1,339)	(18,338,000)		(+131,200)	(+9)	(+127,800)	(+9)	(+505,000)
Labor-Management Services Administration.....	667	8,083,000	-6	+123,000			-6	+123,000
Wage and Hour Division.....	2,040	23,124,000		+190,000	+236	+2,923,000	+236	+3,113,000
Bureau of Labor Standards.....	336	4,613,000		+68,800	+67	+754,200	+67	+823,000
Women's Bureau.....	76	912,000		+4,000				+4,000
Bureau of Employees' Compensation:								
Compensation fund.....		56,001,000		-510,000				-510,000
Chargeback costs.....		(36,400,000)		(+3,833,000)				(+3,835,000)
Salaries and expenses.....	574	5,508,000		-10,688	+50	+658,688	+50	+648,000
(Trust).....	(7)	(98,000)		(+1,000)				(+1,000)
Bureau of Labor Statistics.....	1,822	23,034,000		+281,000	+135	+2,292,000	+135	+2,513,000
Bureau of International Labor Affairs.....	98	1,463,000		+31,000	+5	+91,000	+5	+122,000
Excess Foreign Currency.....		75,000						
Office of the Solicitor.....	490	5,741,000		+18,000	+11	+140,000	+11	+158,000
(Trust).....		(144,000)						
Office of the Secretary.....	348	4,946,000		+99,500	+42	+902,500	+42	+702,000
(Trust).....	(24)	(538,000)		-42,192	+19	+297,192	+19	+255,000
Office of Federal Contract Compliance.....	86	1,355,000		+10,000				+10,000
President's Committee on Consumer Interests.....	19	337,000						
Total, general funds.....	7,774	652,973,000	-6	-865,199	+507	+21,974,921	501	+21,109,722
Total, trust and other funds.....	(1,720)	(612,645,000)		(+37,199,200)	(+9)	(+302,800)	(+9)	(+37,502,000)
Grand total.....	9,494	1,265,618,000	-6	+36,334,001	+576	+22,277,721	+570	+58,611,722

¹ Represents supplementals for cost of pay increases and relocation of employees and

Bureau of Employees' Compensation fund supplemental.

² Includes \$2,545,638 carryover balance.³ Includes \$1,020,740 carryover balance.⁴ Includes \$1,331,000 carryover balance.⁵ Reserved by Bureau of the Budget, base budget reduced for comparative purposes⁶ Represents 12 positions comparatively transferred from OEO and 19 positions from WCF for centralized audit functions.⁷ Includes \$185,000 comparatively transferred from OEO to OSEC.

ATTACHMENT 2

Analysis of program changes, fiscal year 1968

Account	Increases										Total	
	New programs		Expansion of existing programs		Transfer of OEP financing		Full year costs of 1967 authorizations	Posi- tions	Amount			
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount						
Manpower development and training activities												
Office of Manpower Administrator		1 \$2,000,000		\$9,857,000				\$54,519				\$11,857,000
Bureau of Apprenticeship and Training				6,083,000				77,200				6,137,519
Grants to States									2	\$24,000	2	101,200
Bureau of Employment Security:								(175,000)				(175,000)
Salaries and expenses												
Trust fund												
Wage and Hour Division	233	2 2,880,000							(9)	(138,000)	(9)	(138,000)
Bureau of Labor Standards	6	3 80,000	61	676,000	3	43,000			3	43,000	236	2,923,000
Bureau of Employees' Compensation, Salaries and Expenses											67	756,000
Bureau of Labor Statistics	50	4 650,000									50	663,500
Bureau of International Labor Affairs	39	400,000	91	1,774,000	5	58,000		13,500			135	2,232,000
Office of the Solicitor	5	100,000									5	100,000
Office of the Secretary	11	3 140,000									11	140,000
Office of Federal Contract Compliance		76,000	36	437,000	6	91,000					42	604,000
			19	275,000				33,192			19	308,192
Total, general funds	344	3 6,326,000	207	19,102,000	16	216,000		178,411			567	25,822,411
Total, trust funds					(9)	(313,000)					(9)	(313,000)
Total	344	6,326,000	207	19,102,000	25	529,000		178,411			576	26,135,411

Account	Decreases				
	Nonrecurring equipment	Nonrecurring prior year balances	Other	Total	Net change Positions Amount
Manpower development and training activities.....					
Office of Manpower Administrator.....	\$15,000	\$2,545,538		\$2,545,538	+89,311,462
Bureau of Apprenticeship and Training.....	33,400	1,020,740	\$200,000	1,236,610	+4,900,879
Grants to States.....				35,400	+67,800
Bureau of Employment Security:					(+175,000)
Salaries and expenses.....	3,800				-3,800
Trust fund.....	(10,200)			3,800	(+127,800)
Wage and Hour Division.....				(10,200)	+2,923,000
Bureau of Labor Standards.....	1,800			1,800	+734,200
Bureau of Employees' Compensation, Salaries and Expenses.....	4,812			4,812	+638,688
Bureau of Labor Statistics.....					+2,282,000
Bureau of International Labor Affairs.....	9,000			9,000	+91,000
Office of the Solicitor.....	1,500			1,500	+140,000
Office of the Secretary.....	11,000			11,000	+692,500
Office of Federal Contract Compliance.....					+297,192
Total, general funds.....	81,212	3,566,278	200,000	3,847,490	+21,974,921
Total, trust funds.....	(10,200)			(10,200)	(+302,800)
Total.....	91,412	3,566,278	200,000	3,857,690	+22,277,721

¹ Reflects effect of 1966 amendments to the Manpower Development and Training Act to provide health services for trainees.

² Includes 235 positions and \$2,780,000 to carry out 1966 amendments to FLSA.

³ To carry out 1966 amendments to FLSA.

⁴ To carry out 1966 amendments to FLSA.

⁵ Includes 300 positions and \$5,650,000 arising from newly enacted legislation.

ATTACHMENT 3

Analysis of mandatory changes, fiscal year 1968

Appropriation	Increases					Decreases					Net mandatory costs		
	Restor- ation of 1967 pay costs ab- sorption	Full- year cost of WIG's	1968 cost of WIG's	In- creased pay- ments for FECA	Full- year cost of 1967 space	Other	Total	Non- recur- ring extra day of pay	Non- recur- ring rental costs	De- crease pay- ments for FECA		Other	Total
Manpower development and training activities.....								\$7,000	\$40,000			\$47,000	-\$47,000
Office of Manpower Administrator.....								19,700	34,619			54,319	+45,381
Bureau of Apprenticeship and Training.....	\$125,000		\$55,400				\$99,700	27,800	3,300			31,100	+103,200
Grants to States.....					\$9,300	(\$34,213,000)	134,300				(\$1,281,000)	(1,281,000)	(+32,982,000)
Unemployment compensation for Federal employees and ex-servicemen.....						2,600,000	2,600,000				3,931,000	3,931,000	-1,331,000
Bureau of Employment Security, salaries and expenses.....	90,000	23,300	20,400				133,700	7,700	24,200			31,900	+101,800
(Trust).....	(200,000)	(162,900)	(126,500)				(489,400)	(58,200)				(58,200)	(+431,200)
Labor-Management Services Administration.....	150,000	(1)		\$900			150,900	27,900				27,900	+123,000
Wage and Hour Division.....	125,000	70,000	59,600	7,100	21,400		283,100	71,700	21,400			93,100	+160,000
Bureau of Labor Standards.....	40,000	12,500	27,800				80,300	10,200		\$1,300		11,500	+68,800
Women's Bureau.....		3,950	2,750				6,700	2,700				2,700	+4,000
Bureau of Employees' Compensation: Compensation fund.....											510,000	510,000	-510,000
Chargeback costs.....		1,333	2,253	6,572		(3,835,000)	(3,835,000)						(+3,835,000)
Salaries and expenses.....		(1,002)	(233)				10,138	14,738	6,088			20,846	-10,688
(Trust).....							(1,235)	(235)				(235)	(+1,000)
Bureau of Labor Statistics.....	189,000		51,000	9,230		88,000	337,230	51,600	4,630			56,230	+281,000
Bureau of International Labor Affairs.....	15,000	11,200	8,900				35,100	4,100				4,100	+31,000
Office of the Solicitor.....	10,105	10,105	11,405			23,000	44,210	19,396	3,786	3,028		26,210	+18,000
Office of the Secretary.....	85,000	11,067	15,098			4,500	115,665	11,300	4,865			16,165	+99,500
Office of Federal Contract Compliance.....	24,000						24,000	2,936	63,256			66,192	-42,192
President's Committee on Consumer Interests.....	7,400	1,700	1,900				11,000	1,000				1,000	+10,000
Total:													
General funds.....	850,400	189,455	256,206	23,802	30,700	2,715,500	4,066,063	279,790	206,144	4,328	4,441,000	4,931,262	-865,199
Trust and other funds.....	(200,000)	(163,902)	(126,733)			(38,048,000)	(38,538,635)	(58,435)			(1,281,000)	(1,339,435)	(+37,199,200)
Grand total.....	1,050,400	353,357	382,939	23,802	30,700	40,763,500	42,604,698	338,225	206,144	4,328	5,722,000	6,270,697	+36,334,001

1 Absorption of these costs will require the reduction of 6 positions.

ATTACHMENT 4

Statement of estimated funds available by fiscal year from 1958 through 1968 for activities of the Department of Labor

Appropriation	1958		1959		1960		1961		1962		1963	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Manpower development and training activities.....											542	1 \$70,957,700
Office of Manpower Administrator.....												
Area redevelopment activities.....										\$14,000,000	45	11,060,000
Trade adjustment assistance.....											12	100,000
Bureau of Apprenticeship and Training.....	491	\$3,746,004	500	\$4,008,700	483	\$4,047,000	492	\$4,329,000	544	4,976,000	555	5,212,200
Bureau of Employment Security:												
Salaries and expenses.....	753	6,209,900	841	7,120,700	829	7,262,000	979	9,000,000	1,098	10,500,000	1,164	11,985,860
Trust.....												
Farm labor contractor registration activities.....												
Special study on discrimination in employment be- cause of age.....	333	2,334,700	317	2,191,200	315	2,209,700	353	2,664,800	360	2,668,000	377	3,434,750
Mexican farm labor program.....												
Labor-Management Services Administration.....	65	562,750	64	585,700	64	592,000	64	632,300	64	633,000	65	652,000
Bureau of Veterans' Reemployment Rights.....												\$ 1,351,300
Office of Welfare Pension Plans.....												\$ 5,973,900
Bureau of Labor-Management Reports.....					620	2,000,000	532	5,011,200	561	5,775,000	550	5,973,900
Wage and Hour Division.....	1,439	11,015,800	1,358	11,371,100	1,344	11,489,000	1,342	12,261,000	1,818	17,307,000	1,818	18,273,600
Bureau of Labor Standards.....	111	1,022,000	271	1,738,800	283	2,488,000	290	2,522,000	354	3,238,000	317	3,335,250
Women's Bureau.....	61	486,418	61	503,800	61	509,000	61	553,900	71	608,000	93	980,050
Bureau of Employees' Compensation: Salaries and expenses.....	455	2,952,334	466	3,054,700	462	3,080,000	479	3,341,800	522	3,834,000	532	3,981,800
Bureau of Labor Statistics.....	953	7,463,382	958	7,989,800	1,114	10,519,500	1,114	11,118,000	1,205	12,687,000	1,312	14,590,250
Revision of Consumer Price Index.....					31	230,000	116	1,322,000	190	2,100,000	157	1,364,350
Bureau of International Labor Affairs.....								378,360	50	500,000	73	808,750
Excess foreign currency.....												
Office of the Solicitor.....	319	2,414,950	333	2,632,400	331	2,695,000	382	3,325,700	474	4,116,000	495	4,486,550
Trust.....												
Office of the Secretary.....	180	1,539,111	187	1,596,800	180	1,611,000	166	1,582,840	191	1,796,000	199	2,229,250
Federal contract compliance program.....												
President's Committee on Consumer Interests.....												
Total, administrative items.....	5,160	39,741,439	5,356	42,783,700	6,127	48,732,200	6,406	58,132,900	7,502	84,798,000	8,495	100,627,560

See footnotes at end of table.

ATTACHMENT 4—Continued

Statement of estimated funds available by fiscal year from 1958 through 1968 for activities of the Department of Labor

Appropriation	1958		1959		1960		1961		1962		1963	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Grants to States	134	\$292,814,000	146	\$325,600,000	167	\$315,819,000	213	\$378,924,000	217	\$405,000,000	217	\$400,000,000
Advances to employment services												
Advances to Employment Security Administration account, unemployment trust fund												
Unemployment compensation for veterans, pay- ments												
Unemployment compensation for Federal em- ployees, payments		76,800,000		4 160,800,000		131,000,000		177,000,000		147,000,000		151,000,000
Temporary unemployment compensation		54,400,000										
Employees' compensation fund	60	665,700,000	60	617,928,315		61,200,000		500,000,000		340,000,000		65,221,000
Employees' compensation, vocational rehabilita- tion		59,589,635		69,253,906				63,000,000		64,000,000		
Working capital fund	7	47,400	7	51,090	7	51,700	7	55,000	7	55,000	7	57,860
	118		129		134		161		245		363	
Grand total	5,479	1,189,092,474	5,698	1,216,417,011	6,435	556,802,900	6,787	1,445,111,900	7,971	1,060,853,000	9,082	776,906,420

See footnotes at end of table.

Appropriation	1964		1965		1966		1967 ⁵		1968 estimate	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Manpower development and training activities-----	611	\$130,000,000	205	\$388,549,296	188	\$399,595,000	\$ 193	\$392,589,538	\$ 193	\$401,854,000
Office of Manpower Administrator-----			370	8,381,416	390	35,395,800	410	31,832,740	410	36,779,000
Area redevelopment activities-----	62	8,500,000	62	8,500,000						
Trade adjustment assistance-----	25	150,000	44	44,000		1,000,000				
Bureau of Apprenticeship and Training-----	540	5,460,000	575	6,283,300	619	7,105,000	686	8,245,000	688	8,416,000
Bureau of Employment Security-----										
Salaries and expenses-----			160	2,063,700	355	7 4,749,000	207	2,622,000	207	2,720,000
Trust-----	1,141	12,400,000	1,228	14,187,400	1,238	15,640,100	1,390	17,769,000	1,399	18,288,000
Farm labor contractor registration activities-----			34	\$ 350,000						
Special study on discrimination in employment be- cause of age-----				100,000						
Mexican farm labor program-----	324	2,600,000	324	1,600,000						
Labor-Management Services Administration-----	660	7,450,000	714	8,564,000	690	8,350,000	673	8,560,000	667	8,683,000
Bureau of Veterans' Reemployment Rights-----	76									
Office of Welfare Pension Plans-----										
Bureau of Labor-Management Reports-----										
Wage and Hour Division-----	1,839	19,300,000	1,866	20,952,000	1,818	21,519,000	1,804	22,311,000	2,040	25,424,000
Bureau of Labor Standards-----	281	3,470,000	282	3,344,700	281	3,231,500	289	3,822,000	356	4,643,000
Women's Bureau-----	84	765,000	75	799,200	76	871,000	76	908,000	76	912,000
Bureau of Employees' Compensation, Salaries and expenses-----	532	4,275,000	521	4,430,050	507	4,553,000	524	4,860,000	574	5,508,000
Bureau of Labor Statistics-----	1,299	16,345,000	1,331	18,542,000	1,363	19,958,000	1,357	20,541,000	1,522	23,054,000
Revision of Consumer Price Index-----	120	1,320,000								
Bureau of International Labor Affairs-----	73	842,000	92	1,181,500	85	1,219,000	93	1,341,000	98	1,463,000
Excess Foreign Currency-----										
Office of the Solicitor-----	500	4,547,000	475	5,183,000	495	5,469,000	479	5,533,000	490	5,741,000
Trust-----										
Office of the Secretary-----	229	2,407,000	227	3,294,150	261	3,580,000	306	4,244,000	348	4,946,000
Federal contract compliance program-----						140,000	24	538,000	24	538,000
President's Committee on Consumer Interests-----					36	451,000	67	1,100,000	86	1,355,000
					19	319,000	19	327,000	19	337,000
Total, administrative items-----	3,396	220,635,000	8,545	496,349,712	8,421	533,574,400	8,627	527,412,778	9,197	550,922,000

See footnotes at end of table.

ATTACHMENT 4—Continued

Statement of estimated funds available by fiscal year from 1958 through 1968 for activities of the Department of Labor

Appropriation	1964		1965		1966		1967 ⁵		1968 estimate	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Grants to States.....	212	\$125,000,000	215	\$155,636,000	230	\$192,103,000	290	\$524,003,000	290	\$557,107,000
Advances to employment services.....						10,000,000				
Advances to Employment Security Administration Account, unemployment trust fund.....										
Unemployment compensation for Veterans, payments.....										
Unemployment compensation for Federal employees, payments.....		152,000,000		138,053,000		131,000,000		66,331,000		65,000,000
Temporary unemployment compensation.....		58,838,000		52,650,000		48,530,000		56,571,000		56,061,000
Employees' compensation fund.....	7	60,000	7	62,100	7	64,550	7	67,000	7	68,000
Employees' compensation, vocational rehabilitation.....	400		405		490		507		507	
Working capital fund.....										
Grand total.....	9,015	\$56,533,000	9,173	1,142,750,812	9,208	1,215,398,950	9,431	1,174,331,278	10,001	1,229,158,000

¹ Includes \$811,000 comparatively transferred from the Office of Automation and Manpower.

² These activities combined in fiscal year 1964 into the Labor-Management Services Administration.

³ Included in the Office of the Secretary's appropriation in prior years.

⁴ In fiscal year 1959, benefit payments for veterans and Federal employees are combined into 1 appropriation.

⁵ Includes supplementals, comparative transfers, and carryover of available prior year funds.

⁶ Includes 25 positions for District of Columbia—USES.

⁷ Includes 67 positions and \$923,000 for activities relating to admission and employment in agriculture of nonmigrant aliens.

⁸ Included in Bureau of Employment Security, salaries and expenses in 1966.

PAY INCREASE COSTS AND EMPLOYEE RELATION EXPENSES

In both 1967 and 1968 we are absorbing some of these costs by administrative action. Attachment #6 indicates the detail by account. Supplemental amounts for 1967 that cannot be absorbed are proposed to be derived from surplus funds in the account, "Unemployment Compensation for Federal Employees and Ex-servicemen." Therefore no additional appropriations will be sought for this purpose in 1967. It is not possible, however, to carry the 1967 absorption into 1968 except in a few cases. There is \$934,000 included in the mandatory changes to restore these required payments (\$236,600 will be absorbed again in 1968).

WITHIN-GRADE COSTS

These are mandatory costs too and the attached table (Attachment #7) reflects the need and the extent of absorption which we believe can be achieved for each account. Costs have been computed only after analysis of each position in terms of when each promotion will fall due and what savings we think may be achieved as a result of employee turnover.

ATTACHMENT 5

Comparative transfers, 1967

Transfer from—	Transfer to—						Total	
	BLS ¹		BILA ²		Secretary ³			
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Office of Manpower Administrator.....					11	\$185,000	11	\$185,000
Neighborhood Youth Corps.....					12	185,000	12	185,000
Bureau of Apprenticeship and Training.....						14,000		14,000
Bureau of Employment Security.....			8	\$100,000	25	426,000	33	526,000
Labor-Management Services Ad- ministration.....						18,000		18,000
Bureau of Labor Standards.....						11,000		11,000
Women's Bureau.....						3,000		3,000
Bureau of Employees' Compensa- tion.....						8,000		8,000
Wage and Hour Division.....	23	\$399,000				27,000	23	426,000
Bureau of Labor Statistics.....						52,000		52,000
Bureau of International Labor Affairs.....						9,000		9,000
Office of the Solicitor.....						16,000		16,000
Office of Federal Contract Com- pliance.....						3,000		3,000
Working capital fund.....					19		19	
Total.....	23	399,000	8	100,000	67	957,000	98	1,456,000

¹ For safety functions.² For Canadian auto parts program.³ To centralize audit and systems accounting.

22 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

ATTACHMENT 6

Analyses of 1967 pay costs, proposed supplementals, absorptions, and 1968 restoration of 1967 absorptions

	1967 pay costs	1967 supple- mental	1967 absorption	1968 restoration, 1967 absorption	Continued absorption
Manpower development and training activities.....	\$55,000		\$55,000		—\$55,000
Office of Manpower Administrator.....	145,000	\$97,000	48,000		—48,000
Bureau of Apprenticeship and Training.....	204,000	79,000	125,000	\$125,000	
Bureau of Employment Security, salaries and expenses.....	90,000		90,000	90,000	
(Trust).....	(445,000)	(245,000)	(200,000)	(200,000)	
Labor-Management Services Administration.....	218,000	68,000	150,000	150,000	
Wage and Hour Division.....	606,000	481,000	125,000	125,000	
Bureau of Labor Standards.....	85,000	45,000	40,000	40,000	
Women's Bureau.....	23,000	23,000			
Bureau of Employees' Compensation, salaries and expenses.....	144,200	141,000	3,200		—3,200
(Trust).....	(2,000)	(2,000)			
Bureau of Labor Statistics.....	449,000	243,000	206,000	189,000	—17,000
Bureau of International Labor Affairs.....	32,000	20,000	12,000	15,000	1 +3,000
Office of the Solicitor, salaries and expenses.....	140,000	140,000			
(Trust).....	(4,000)	(4,000)			
Office of the Secretary.....	85,000		85,000		—85,000
Office of Federal Contract Compliance.....	24,000		24,000		—24,000
Presidents' Committee on Consumer interests.....	7,400		7,400		—7,400
Total, general funds.....	2,307,600	1,337,000	970,600	734,000	—236,600
Total, trust funds.....	(451,000)	(251,000)	(200,000)	(200,000)	
Total.....	2,758,600	1,588,000	1,170,600	934,000	—236,600

¹ Due to comparative transfer from BES for TAA in 1967, this additional amount required in 1968 to finance pay increase costs included in transfer.

ATTACHMENT 7

U.S. Department of Labor analysis of within-grade promotion costs, fiscal year 1968

Account	1968 cost of WIG's	Savings due to—			Net cost in budget
		Lapse	Turnover	Further absorption	
Office of Manpower Administrator.....	\$118,017	—\$3,495	—\$14,822		\$99,700
Bureau of Apprenticeship and Training.....	132,380	—4,480	—40,000	—\$87,900	
Bureau of Employment Security.....	367,377	—9,377	—24,900		333,100
Labor-Management Services Administration.....	125,452	—4,203	—46,949	—74,300	
Wage and Hour Division.....	325,440	—11,240	—42,500	—142,100	129,600
Bureau of Labor Standards.....	44,042	—1,438	—2,304		40,300
Women's Bureau.....	15,207	—507		—8,000	6,700
Bureau of Employees' Compensation.....	70,334	—2,289	—28,725	—34,499	4,821
Bureau of Labor Statistics.....	222,041	—1,041		—170,000	51,000
Bureau of International Labor Affairs.....	26,184	—784		—5,300	20,100
Office of the Solicitor.....	91,745	—3,013	—11,522	—56,000	21,210
Office of the Secretary.....	54,931	—1,880	—14,886	—12,000	26,165
Office of Federal Contract Compliance.....	11,000	—380		10,620	
President's Committee on Consumer Interests.....	3,984	—384			3,600
Total.....	1,608,134	—44,511	—226,608	—600,719	736,296

Comparison of Bureau requests with departmental approval and Bureau of Budget action

Appropriation	1967 appropriation (a)	1968			Difference (col. (c) from col. (b))	Difference (col. (d) from col. (c))
		Estimate to Department (b)	Department estimate to Budget Bureau (c)	President's budget (d)		
Manpower development and training activities	\$390,044,000	\$583,939,400	\$588,939,400	\$401,854,000	---	-\$187,085,400
Office of Manpower Administrator	30,997,000	49,703,381	49,703,381	36,779,000	---	-12,924,381
Bureau of Apprenticeship and Training	8,259,000	12,119,000	12,119,000	8,416,000	---	-3,703,000
Grants to States	(524,000,000)	(642,963,000)	(642,963,000)	(557,107,000)	---	(-85,856,000)
Unemployment compensation for Federal employees and ex-servicemen	90,000,000	65,000,000	65,000,000	65,000,000	---	---
Bureau of Employment Security, salaries and expenses	2,750,000	3,944,800	3,944,800	2,720,000	---	-1,224,800
(Trust)	(18,167,000)	(27,082,200)	(27,082,200)	(18,328,000)	---	(-8,754,200)
Labor-Management Services Administration	8,578,000	9,567,000	9,567,000	8,683,000	---	-884,000
Wage and Hour Division	22,737,000	28,548,900	28,548,900	25,424,000	---	-3,124,900
Bureau of Labor Standards	3,434,000	7,395,000	7,395,000	4,645,000	---	-2,750,000
Women's Bureau	911,000	1,331,000	1,331,000	912,000	---	-419,000
Bureau of Employees' Compensation:	56,571,000	57,061,000	57,061,000	56,061,000	---	-1,000,000
Compensation fund	(32,625,000)	(36,460,000)	(36,460,000)	(36,460,000)	---	(-)
Chargeback costs	4,808,000	6,414,000	6,414,000	5,598,000	---	-906,000
Salaries and expenses	(67,000)	(68,000)	(68,000)	(68,000)	---	(-)
(Trust)	20,533,000	31,189,000	31,189,000	23,054,000	---	-8,135,000
Bureau of Labor Statistics	1,250,000	1,987,000	1,987,000	1,403,000	---	-584,000
Bureau of International Labor Affairs	75,000	75,000	75,000	75,000	---	---
Excess foreign currency	5,599,000	6,212,000	6,212,000	5,471,000	---	-747,000
Office of the Solicitor	(144,000)	(144,000)	(144,000)	(144,000)	---	(-)
(Trust)	3,685,000	4,930,000	4,930,000	4,946,000	---	+16,000
Office of the Secretary	(140,000)	(538,000)	(538,000)	(538,000)	---	(-)
Office of Federal Contract Compliance	1,103,000	1,594,000	1,594,000	1,355,000	---	-239,000
President's Committee on Consumer Interests	327,000	337,000	337,000	337,000	---	---
Total, general funds	651,781,000	876,347,481	876,347,481	652,973,000	---	-223,374,481
Total, trust and other funds	(575,143,000)	(707,255,200)	(707,255,200)	(612,645,000)	---	(-94,610,200)
Grand total	1,226,924,000	1,583,602,681	1,583,602,681	1,265,618,000	---	-317,984,681

BUDGET REQUEST

Secretary WIRTZ. Then I will make my statement quite skeletal and it will be limited pretty much to a statement of the figures which are involved. Recognizing, Mr. Chairman, that this is kind of hard when you have a program which is built around human values, human concern, the reduction of the items to specific dollars always leaves you with a feeling of coldness for which I can only express regret.

Senator HILL. You are not asking for a very large increase.

Secretary WIRTZ. It is a comparatively small increase.

Senator HILL. Compared to other departments, your overall budget is not large at all.

Secretary WIRTZ. No, it isn't. It is very small. The total figure is, on the other hand, large by our measures because, as you know, the total figure, the appropriation for the Department and the authorization includes as its largest items the grants to States account funded from the unemployment insurance trust fund, and also the program for the MDTA.

The whole estimate totals \$1,265,618,000. That is a net increase over fiscal year 1967 of \$58.6 million. As you have indicated, it is a small increase. It is less than 5 percent.

Of that increase of \$58.6 million, \$36.3 million is to meet mandatory costs required by law and \$22.3 million is for program items which involve administrative discretion.

MINIMUM WAGE AND EMPLOYEES COMPENSATION LEGISLATION

Of that \$22.3 million, Mr. Chairman and members of the committee, \$5.6 million is to cover newly enacted legislation so that what we come to net is a program very little different from the one that we have this year.

Senator HILL. You speak of the newly enacted legislation.

Secretary WIRTZ. That is particularly with the changes in the minimum wage law which extends the coverage of the law to additional people, and then there is a change in the Federal employees compensation law. Most of it is attached to the first one.

ITEM BY ITEM CHANGES

In my statement there is a breakdown which shows you the specific item-by-item changes in the four leading categories. Under the manpower development and training program for training and allowances and the experimental and demonstration projects where the 1967 estimate is \$411 million, the 1968 estimate is \$429 million and then on the administration of the State employment security agencies, there is the largest difference.

Where this current fiscal year shows \$524 million, the requested authorization as it is in this case for fiscal year 1968 is \$557 million. On the unemployment and workmens compensation benefit payments to covered workers, that is the Federal employees, the ex-servicemen, and so forth, where it is \$155 million this year it is \$157 million requested for fiscal year 1968.

PROGRAM ADMINISTRATION

Then on the administration of programs where we are this year at \$116 million, the request is for \$121.7 million. Then the total shows the comparison of \$1,207,006,278 for this year with a request for 1968 of \$1,265,618,000.

That is in dollars. In terms of positions, we are requesting 9,494 positions for fiscal year 1968. That is an increase of 570, about 6 percent over 1967. Over half of it, 300 out of the 570, is to cover the administration of the new legislative programs.

For the Fair Labor Standards Act 250 more is for administration, 50 to cover the provision in the 1966 amendments to the Federal Employees Compensation Act and that brings us to 270 new positions requested in connection with various programs.

Those are itemized and unless there are questions, I think none of them presents a broad enough problem to come up here. Of course, the individual administrators of the various units will be appearing before you in connection with those.

FAIR LABOR STANDARDS ACT COVERAGE

Senator HILL. The new coverage for the Fair Labor Standards Act take in quite a large number.

Secretary WIRTZ. 8 million more covered workers now, increasing to 9 million in a year. That is additional coverage. I don't mean that many affected.

Senator HILL. I understand.

MANPOWER ADMINISTRATION

Secretary WIRTZ. Turning then to the particular program estimates, Mr. Chairman and members of the committee, I call attention first in my statement to the work of the Manpower Administration.

That includes several different programs, some of them the traditional programs including the Bureau of Employment Security, the U.S. Employment Service, and the Unemployment Insurance Service, the Farm Labor Service and the Veterans Employment Service. Then there are those which have developed in the last 5 years, the Manpower Development and Training Act; then on delegation from the Office of Economic Opportunity, certain additional programs, the Neighborhood Youth Corps and more recently some adult training programs; and among the traditional programs, the Bureau of Apprenticeship and Training.

ADULT TRAINING PROGRAMS

Senator HILL. Give an illustration of the adult training programs, will you, Mr. Secretary?

Secretary WIRTZ. Yes, sir. Last year, the Congress authorized three new programs and appropriations were provided for them. They were part of the Economic Opportunity Act.

One has to do with the so-called special impact programs sometimes referred to as the Kennedy-Javits program.

That authorizes some \$25 million to be spent in concentrated impact areas for the development of a variety of work and work training pro-

grams. More characteristically, in answer to your question, are two programs, one of them sometimes referred to as the Nelson amendment, the other sometimes referred to as the Scheuer amendment.

Each of them covers a \$36 million program. Those programs authorized the establishment under OEO authority, now delegated to the Department of Labor on a grant basis with local authorities. Specifically, in answer to your question, we would enter into agreement with either a community action agency or some other agency in the local community to provide funds for the employment of individuals on what are work-training programs.

These programs include, or can include, for example, beautification programs, in which event, they would parallel programs of the thirties in some ways. They would also include programs of assisting in the development of, for example, additional paramedical personnel in the hospitals where the hospital needed additional help of one kind or another.

They are programs entered into through grants administered by the local agencies for the employment on work which has a training element in it.

ABSENCE OF MANPOWER ADMINISTRATOR

As far as the Manpower Administration itself is concerned, may I interrupt to say this, Mr. Chairman: The Assistant Secretary for Manpower who is also the Manpower Administrator, Mr. Stanley Ruttenberg, is in London at a manpower meeting.

The question has come up as to whether he should be called back for these hearings and we have seriously considered doing it and he insisted on coming. I frankly held out myself as a substitute and do at this point as I should like to cover in a little more detail his part of the presentation.

Senator HILL. How long will he be there, Mr. Secretary?

Secretary WIRTZ. I think he gets back tomorrow night, Tuesday night.

Senator HILL. You go right ahead and cover it. Then if we have any questions, we will hear him. I don't think we will finish these hearings by tomorrow night.

Secretary WIRTZ. We should like very much, and he would feel better about it, to cover it himself.

DEVELOPMENT AND RESEARCH PROJECTS

In general, as far as the Office of the Manpower Administrator is concerned, the requested appropriation is \$36,779,000.

That is \$5,879,000 over 1967 and most of that, Mr. Chairman and members of the committee, is for demonstration projects which will be covered in detail by Mr. Aller who is the Director of the OMPERR which has that matter within its jurisdiction. Then there is an additional \$500,000 requested to initiate a research study concerning the adequacy, extent, and quality of the training programs we have.

In short, Mr. Chairman and members of the committee, what we are proposing, as far as the administration of the Manpower Administration is concerned, is no increase except for these particular development, and research projects.

I call attention particularly to the second one. We are at a point now where we have to find out more about the success, or lack of it, in what we have been doing; that is, a research project for that area.

MANPOWER DEVELOPMENT TRAINING PROGRAMS

Now as far as the manpower development and training program is concerned, and by this, I mean the actual training programs that are carried on, we are asking this year \$401,854,000 which is 3 percent over last year when the appropriation was \$390,044,000.

I should mention these general points in change of programming here. You will note that the Manpower Development and Training Act program which we refer to as MDTA includes two types of training programs.

One we call institutional training where we work out with HEW and the States specific training programs into which individuals come for the development of skills of one sort or another. We have them in all States. In addition to that there has been a rapid development in the last year or two of so-called on-the-job training programs where we work out with an employer or with an association representing a number of employers a training program which provides that the individual will go to work for an employer and we will pick up training costs that develop in connection with his training.

We are trying to shift emphasis from the institutional training to the on-the-job training as rapidly as we can. It is cheaper. It means more direct access to the employment. It is more effective in a good many ways and there is a shift in our program emphasis that way.

INDIVIDUAL TRAINING

There are two other points: We are getting to the place now where the remaining unemployed present training needs which are more serious than those who have been picked up by the economy in the past so that in fiscal year 1967 and continuing next year we realize that we have to do this on an almost individual-by-individual basis, taking the individual problems as they exist.

A great deal of the unemployment now is more individual than it is economic in general. We have to concentrate on that very, very specifically.

ECONOMIC NEED PROGRAMS

As a third change in development of program emphasis, Mr. Chairman, we realize that we have to take into account both the needs of the remaining individuals who are unemployed and the needs of the economy and the possible development of bottleneck situations as the economy reaches its larger point.

Just as a rule of thumb we are beaming our programs this year or directing them two-thirds in terms of the needs of the individuals and one-third in terms of the needs of the economy but you will realize that that is only the starting point for developing these programs.

LONG-RANGE OCCUPATIONAL TRAINING

We try to get a complete overlap between the needs of the economy and the employees. The only point where there would be any signifi-

cant difference is where we have to make a decision as to whether to institute a long-range training program for somebody who lacks the basic elements and will take 2 years sometimes to bring up.

Senator HILL. Two years to train?

Secretary WIRTZ. Yes, that includes both the occupational training and the preparation for the occupational training which may have to include learning how to read or at least to read blueprints.

You understand that when it comes to that the MDTA program involves making arrangements with HEW for the development of those programs through the vocational education agencies.

POVERTY UNEMPLOYMENT

There is one other determining point of emphasis. It is pretty clear now that the remaining unemployment, the poverty of the country is concentrating more and more in particular areas, in the slum areas, in the cities and in comparable rural areas of one kind or another.

Where 5 or 6 years ago unemployment as one aspect of poverty was spread like a blanket over the whole country so that almost all labor areas had a high unemployment rate, today it is concentrating more and more and we will shape our program to meet that concentration.

Senator HILL. Do you find much of this in the farm areas?

Secretary WIRTZ. We find it in particular farm areas. We have looked particularly, for example, at the delta area in Mississippi, finding a concentration there which is a consequence of the developing technology as far as cotton is concerned. We do find it there. We find less concentration of it in the rural areas than we do in the city areas, whereas our figures now begin to converge in these particular areas. In the city we are finding the answer to why people in this country think that there is no unemployment.

RURAL UNEMPLOYMENT

There is not much generally and the heads of families throughout the country are now over 98 percent employed and we have unemployment at a new low, and when we talk about 3+ percent unemployment, where is it? It is in these pockets in a very concentrated way and there is more concentration of it in the cities than in the rural areas even though it is also concentrated in the rural areas.

For instance, we went into the delta area in three counties in Mississippi where the records weren't broken down. All we knew was the statewide average or the national average and we found unemployment of over 50 percent, moving toward 60 percent, in the three counties at which we looked.

Senator HILL. That, of course, is an area of great cotton cultivation.

Secretary WIRTZ. That is correct and the change has brought very serious unemployment.

Senator HOLLAND. Mr. Chairman.

You mean the change in mechanizing the picking of the cotton?

Secretary WIRTZ. Yes, Senator. So those are the developments in the manpower training program as a whole.

BUREAU OF APPRENTICESHIP AND TRAINING

I call attention next to the work of the Bureau of Apprenticeship and Training with which this committee is familiar from long experience.

The 1967 appropriation was \$8,180,000. We are asking for this year \$8,416,000 which is up \$236,000, about 3 percent.

Now, on that, Mr. Chairman and members of the committee, we are trying to emphasize both the continuing development of the private apprenticeship program and the administration by BAT.

ON-THE-JOB TRAINING

Seventy-six percent of the personnel is for the proposed apprenticeship program. The rest is for administration and the on-the-job training program.

As I suggested before, the on-the-job training program has been greatly enlarged in 1967. It will continue on an expanded basis next year. There will be some slight reduction in the number of newly created on-the-job training programs. There will be an increase in the actual number of trainees during the period.

BUREAU OF EMPLOYMENT SECURITY

Turning next quickly to the program of the Bureau of Employment Security, again this is a pattern of responsibility with which this committee is intimately familiar. As you know, the Bureau of Employment Security is financed largely by trust funds. This is true both with respect to the State program and with respect to the administration of the BES itself.

The big item is for grants to the States. In 1967 it was \$524 million. We have requested \$557 million for 1968. These are in round figures. That is an increase of \$33 million. It is about a 6.3-percent increase. When you come to the administration of the Bureau of Employment Security itself, the 1967 figure was \$20,672,000. The request for 1968 is about \$21 million. That is up about 2 percent.

Senator HILL. To what do you largely ascribe this increase, Mr. Secretary?

UNEMPLOYMENT TRAINING

Secretary WIRTZ. To the point to which I referred before, namely, the worsening of the unemployment problem in terms of what it takes to get at the remaining problem.

Let me be more specific again. The problem applies in sharpest contrast when you go back to the time when the Federal Unemployment Service was set up when it was a matter of matching men and jobs and knowing that there just weren't enough jobs to go around.

It has become now a part of what I may call prosperity. A much more serious job of identifying those remaining individuals whose circumstances are simply such that there has to be a particularized approach so that the increased costs of administering an employment service now relates to the fact that the remaining unemployed require a kind of concentrated case-by-case, person-by-person attention which was not there before.

This is illustrated in a variety of ways. It is illustrated in the so-called out-reach program. It used to be that we took those problems which came into the office. We know that the economy now demands and the society now demands that we go more than half way in finding these remaining unemployed and giving them the particular attention that they need.

HARD-CORE CASE TRAINING AND EMPLOYMENT

The increased cost, the reason for it is illustrated by the kind of thing we are doing in several cities now with the thought of extending it. We are working out person-by-person programs where we first line up an employer who is willing to take a little more of a chance on our recommendation than he would have before, of going out then into the community and finding the hardest core cases that are left. We are thinking about this in terms of our heart, Mr. Chairman and members of the committee, and also being as hardheaded about it as we can.

Those are the cases that are costing the community the largest amount of money if we don't do something about it. We are then bringing the hard-core cases and putting them through a 2-week orientation course, routing them into a training program or into one of these jobs which has been lined up with an employer, and following each of them on what we have been calling a coach or counselor basis.

COACHES OR COUNSELORS

We now have in these employment services offices individuals whose job is to follow 20 of these hard-core cases that we have lined up and to follow them on through until we see either that we can't do anything about it or until they are placed.

There is the concentration on the youth problem. There is the concentration on the older worker problem. There is the concentration on the minority group problem. There is at the same time the maintenance of the whole problem.

I am sorry to make so long an answer to a short question but the short answer is that the unemployment problems which remain are the hard-core problems and it takes more personnel, more money to meet those than it did.

YOUTH UNEMPLOYMENT

Senator HILL. You speak of the youth problem, Mr. Secretary. Give us an example of that, will you, please sir?

Secretary WIRTZ. Yes, sir.

The unemployment rate for the country as a whole is 3.7 percent. The unemployment rate today for married men, heads of families is 1.8 percent. The 1.8 percent is as low as we are going to get it. What that means is that the remaining unemployment among the group is what is involved in people moving from one job to another.

Compared with those figures the unemployment rate for 16- to 19-year-olds in this country is 11.7 percent. This is the only country, the only industrialized, developed country in the world in which there is a youth unemployment problem which is three to four times the adult rate. This doesn't just happen. It results I think, Mr. Chairman,

from the fact that we have developed well the progress from education to work for the youth who goes to college. We have virtually ignored the problem of the youth who does not go on to college, who gets only a high school education or drop out before he finishes high school and I don't think it just happens that we are the only industrial nation which has a youth unemployment problem.

TRAINING AND TRAINING OPPORTUNITIES

Therefore, we are trying now, we, Office Economic Opportunity, Health, Education and Welfare, to bore in on this problem and I don't mean just in general. I mean by setting up youth opportunity centers in the areas where there are training programs, the Job Corps, the Neighborhood Youth Corps, certain community action programs of one kind and another, the work training program under HEW. Those programs particularly that keep these children in school, if they can be done, by giving them work training opportunities which pay them enough to keep them in school, by going in on the situation after they are out of school and getting them back into school if we can, getting them into work if we can.

WORK TRAINING PROGRAMS

The specifics of the answer to your question are the establishment of youth services as part of the employment service, the establishment of youth services in the area where these unemployed youth are, the development of work training programs which will, (a) keep them in school if that is possible; (b) get them back to school if that makes sense; or (c) get them into employment.

Mr. Chairman, there are about three-quarters of a million 16- to 19-year-olds out of work in this country today. Now that figure should be partially discounted because some of them are in school and all they are looking for is part-time work. I don't mean to exaggerate it. Yet the significance of that is they are probably looking for part-time work in order to stay in school. I will put it differently.

I know no reason why the youth unemployment rate in the country should be any higher than it is for adults. It is not in other countries and there is no good reason for it being higher here.

So we are looking at the necessity of getting another three-quarters of a million children jobs when they aren't there, and the worst of it is, Mr. Chairman, that I am afraid that the additional number who do have jobs in that group, who left high school and now have jobs, represent perhaps as serious a problem; because their jobs are probably dead-end jobs which will last until a machine comes along to take their place. So that we have a serious problem in this area.

RELATION OF YOUTH UNEMPLOYMENT TO JUVENILE DELINQUENCY

Senator HILL. Perhaps you have had no occasion to go into this but I can't help but think about the high rate of juvenile delinquency in this country and how far this unemployment of youth might in some way have its effect on this high rate of juvenile delinquency.

Secretary WIRTZ. I think it has a most direct correlation. I recently read a report that the narcotics usage rate among youth in certain cities had gone down fairly markedly in the last year. I find it,

although I can't prove it, a pretty direct reflection of the development of these youth work, and work training programs.

I don't believe those kids are going to turn to dope if they have a job. I just don't believe they are. I think that there is a direct correlation possibly between the two.

Senator HOLLAND. May I ask a question, Mr. Chairman?

Senator HILL. Surely.

EFFECT OF SELECTIVE SERVICE SYSTEM ON YOUTH UNEMPLOYMENT

Senator HOLLAND. Is there any part of this problem resulting from the operation of the Selective Service System in our country as compared with no such system in other heavily industrialized countries?

Secretary WIRTZ. I don't think so, Senator Holland. If I understand the question fully, I suppose the answer requires very possibly working the other way. Those in the military service come today from that age group in our population which has the highest unemployment so that I suppose at least to some extent that military service does cut down what would otherwise be unemployment in this area.

Your question went particularly to the Selective Service Act itself.

Senator HOLLAND. My question was addressed to this: If there is uncertainty as to whether or not the employees of selective service age can demand employment, does that affect the opportunity?

Secretary WIRTZ. I think some unemployment does result from the uncertainty as to what is going to happen and in that connection, it is important to point out that both the Presidential Commission in its report 2 weeks ago and the President in his message to Congress last week did suggest that the calling be moved down from an average of 23 to 24 years to the 19-year-old group for this reason.

The President's Commission on Selective Service did point to exactly the item you refer to and did suggest that that is one reason for calling youth at 19 instead of 23 or 24. Our own experience does confirm that to some extent youth are not employed because the employers are uncertain as to whether or not or when they will be taken away.

LABOR-MANAGEMENT RELATIONS

I turn next, Mr. Chairman, to the labor-management relations section of the Department. There are really two items in this presentation. One includes the general work of the labor-management relations units under the Assistant Secretary for Labor-Management Relations and the other includes the work of the Wage and Hour and Public Contracts Division.

This has been subject to Mr. Reynolds' administration as Assistant Secretary of Labor and will be Mr. Donahue's under the present setup.

CONSIDERATION OF TRANSFERRING WAGE AND HOUR TO LABOR BUREAU STANDARDS ADMINISTRATION

There is one point that should be brought to the committee's attention. We have had under active consideration for some time the question of whether the wage and hour work should be part of the Labor-

Management Administration or whether it should be part of a new Labor Bureau Standards Administration.

That question is still before us and has not been finally resolved. It is present here as part of the Labor-Management Administration. First, with respect to the general operations of the labor-management services administration, which Mr. Reynolds will develop in fuller detail later, the fiscal year 1967 appropriation is for \$8,510,000.

The requested appropriation for fiscal year 1968 is for \$8,683,000. That is up 2 percent from 1967. You know the activities of that branch in general and there is no significant change proposed in that.

WAGE AND HOUR AND PUBLIC CONTRACTS DIVISION

As far as the Wage and Hour and Public Contracts Division is concerned, the 1967 appropriation was \$22,256,000. The requested appropriation is \$25,424,000. That is an increase of \$3,168,000, 14 percent, and it is to cover the enlarged responsibilities under the new act.

LABOR STANDARDS

The third area of Department responsibility, Mr. Chairman and members of the committee, is the work in the labor standards area.

That includes first the Bureau of Labor Standards. The 1967 appropriation is \$3,389,000. The requested 1968 appropriation is \$4,645,000.

SAFETY TRAINING PROGRAM INCREASE

This is an increase of \$1,256,000 and that is up 37 percent. The increase is principally for meeting the need for increased safety programs to offset the rise in the maritime industry accident rate resulting from increased military supply activities and to meet demands resulting from the extension of the Fair Labor Standards Act.

Mrs. Peterson and others will testify about that change. This matter of the increased accident rate in the maritime industry has been of concern to us, because of the expansion of this activity in connection with our southeast Asia commitments and because of the general enlargement of the maritime activities. We should bring to bear increased efforts to cut that back down again.

That is the largest item of change there.

HAZARDOUS OCCUPATION ORDERS

There is also an item in connection with the development of hazardous occupation orders under the new Fair Labor Standards Act Amendments, which is part of the work of this Bureau.

WOMEN'S BUREAU

The Women's Bureau operation is one that again is quite familiar to this committee. The requested appropriation for this year is \$912,000. Last year it was \$888,000. That is a change of \$24,000, 3 percent.

My statement here is very brief on that. That is partly a reflection of the regret that it is not possible to expand this year a program in which there is a very great interest. We are coming here on a Spartan basis and have limited that request to a \$24,000 increase, and the

program is the same as last year despite the enlarged interest everywhere in the country on the employment, status, and stature of women.

COMMISSIONS ON STATUS OF WOMEN

Senator HILL. In other words, you state that there will be 53 commissions on the status of women established throughout the Nation by the end of 1967. Where are all the different commissions? How do they vary?

Secretary WIRTZ. They are all part of the same pattern. It is a pattern that starts from the President's Committee, from the Federal group that was set up. I am chairman, Mr. Chairman and members of the committee, of the President's Interdepartmental Committee on the Status of Women.

There is an advisory committee which works with us made up of men and women from all over the country. A good deal of the staff work of that group is done by the Women's Bureau and as part of the program initiated in the Federal Government within the last 2 or 3 years there has developed now a grouping of State commissions on the status of women.

Some of them are now established by statute in the various States, more of them by administrative action of the Governors. We meet with this group from all over the country once or twice a year.

DEVELOPMENT AND SUPPORT OF STATE LEGISLATION

Their interest is both in the broad subject of trying to bring alive and make effective the Nation's increased good sense on this subject and it is partly to develop and support the new kinds of State legislation which are essential to this purpose.

There is the matter of bringing into conformity with the new concepts of equal rights those State statutes which sometimes have singled out women for their special protection. There is a very difficult problem of whether these groups should now be supporting legislation for women or whether they should be supporting legislation for that disadvantaged group, which has included women.

It is not a variety of patterns as much as the development nationwide of a single pattern which is directed at the constructive implementation of the idea of equal rights for women and which takes specifically the form of supporting and developing and pressing for State legislation which will accomplish this result.

BUREAU OF EMPLOYEES COMPENSATION

The Bureau of Employees Compensation is again an operation with which this committee is intimately familiar and in which there are no substantial changes proposed.

COMPENSATION BENEFITS

The 1967 authorization for actual compensation benefits payments was \$89,196,000. The requested appropriation for 1968 is \$92,521,000, an increase of 4 percent. The direct appropriation request is \$56,061,000 which is a 1-percent increase.

SALARIES AND EXPENSES

As far as salaries and expenses are concerned, the 1967 appropriation for the Bureau of Employees Compensation was \$4,772,000. For 1968, it is \$5,576,000. That is an increase of 17 percent and is to pay for the costs of administering the recent Federal Employees Compensation Act amendments and also to start a study of the Bureau with a view of improving the organization.

We think that there ought to be a review, a broader review of the employees compensation program as far as the Federal Government is concerned and this request is to permit that.

Those are the three areas, Mr. Chairman and members of the committee, the Manpower Administration, the Labor-Management Services Administration, and the Labor Standards Grouping or Administration which include a very large part of the Department.

OFFICE OF THE SECRETARY

I have as a fourth grouping for purposes of presentation to the committee those other offices which are not included in the first three. The first is my own office, the Office of the Secretary, and that includes as its most significant part the work of the administration of the Department's affairs through the Office of the Assistant Secretary for Administration.

I will have a separate statement on that in accordance with the committee's custom at the conclusion of this one so that I say now only that the present appropriation for the Office of the Secretary itself is \$3,825,000.

The 1968 request is for \$5,484,000 but most of that represents simply the shifting of certain auditing and accounting systems functions from other units into the Secretary's Office so that there is an offset somewhere else.

BUREAU OF LABOR STATISTICS

The largest unit in this part of the presentation is the Bureau of Labor Statistics. Here again, it is a program with which you are well familiar.

The appropriation in 1967 is \$20,350,000. The 1968 request is for \$23,054,000. That is an increase of about 13 percent, \$2,704,000.

OBTAINING INFORMATION ON CONCENTRATED AREAS OF UNEMPLOYMENT AND POVERTY

Mr. Ross, the Commissioner will testify in detail about this. The major focus of this increase is on getting more precise information about the employment and related problems facing those who live in these areas of particular concentration of unemployment and poverty.

I refer here again to the fact that we have been looking at this matter on a nationwide basis. Now, as we find that the enemy, which is poverty and unemployment, is retreating into particular areas, we have to find out more about those particular areas.

The truth of the matter is that the nationwide figures on unemployment have very little relevance to these areas of concentration, urban or rural, to which we referred. Getting that information for particu-

lar areas is more expensive and that is one of the two factors that enter into this requested increase as far as the BLS figure is concerned.

ASSEMBLING OF PRICE INFORMATION

The other is that as this economy gets more sophisticated and the policymaking more refined and the public attention greater as far as these indexes are concerned, there are some things about our reporting of the price information, our assembling of the price information particularly on the consumer price index side which is going to require more attention.

The fact is it is those two items particularly which are covered by the requests for an increase of \$2,700,000.

MANAGEMENT AND LABOR SUPPORT OF BUREAU

Senator HILL. As I recall, in the past, this Bureau has had the unqualified support of both management and labor?

Secretary WIRTZ. Yes, sir. That is support that goes back to about 1884.

Senator HILL. I don't remember that because I wasn't here. You may remember it.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

Secretary WIRTZ. I always like to tell you younger fellows some of the facts. There is next the Bureau of International Labor Affairs which is part of the Office of the Assistant Secretary for International Labor Affairs.

CONSULTANT ASSISTANCE OF MR. CLAGUE

Senator HILL. Do you still make some use of Mr. Clague's services as a consultant? He was head of this Bureau for a number of years and used to come here each year and always made a fine impression.

Secretary WIRTZ. We face a problem of real competition. There are a number of others who feel they have as much claim on Mr. Clague as we do and he is doing a great deal of lecturing but we find him a source of continuing help and strength.

The 1967 appropriation for the Bureau of International Labor Affairs, in the office of the Assistant Secretary for International Affairs, was \$1,230,000. The 1968 request involves an increase of \$233,000 carrying that figure to \$1,463,000. The largest item of increase here is in connection with the launching of a program which reflects our realization, Mr. Chairman and members of the committee, that this country's foreign relations include not only what is done through the organized channels of diplomacy but what is done in the development of labor relation policies by U.S. firms abroad.

IMPROVED ADMINISTRATION OF PRIVATE MANAGEMENT PROGRAMS

Much good, and as much harm, can be done by the employment relationships which are carried on by a U.S. company operating abroad as can be often done through the official channels so that there is a request for an authorization for a \$100,000 program to look into the

possibilities for better administration of those programs involving private management.

FINANCING CONFERENCES WITH FOREIGN CURRENCIES

There is also an item here which involves a special foreign currency appropriation to finance conferences to which we bring all of our labor attachés from around the world. I attended one of the conferences in India for 4 days in December and found it exceedingly worthwhile.

Senator HILL. What did you discuss mostly in that conference?

JOINT SPONSORSHIP WITH STATE DEPARTMENT

Secretary WIRTZ. Illustratively these things are about on a half-and-half basis. First to acquaint these people and we had the labor attachés from some 18 countries, with the developments of policy in this country only to the extent that recognizes that the printing press is here but that there is a good deal of it that has to be communicated on a more personal basis. Then to consider those problems which come up as a matter of day-to-day operating activity as far as they are concerned; to try to meld them into some kind of more sensible rational policy here.

We work very closely with the Department of State on this. These labor attachés are part of the Department of State. We think they should be. Ours is a service function in connection with it. These conferences are held under the joint auspices of the two departments but under the clear central responsibility of the Department of State.

EFFECT OF UNITED STATES AND U.S. FIRMS FOREIGN OPERATIONS

We talk to them about the kind of thing I mentioned just before, how much of a problem is there, how much of an unexplored potential is there in connection with the operation of U.S. firms abroad, or again a specific: How much are the labor conditions in a particular country affected by the coming in of a U.S. military operation with a payment of higher wage rates than are characteristic of those in the country itself?

EFFECT OF CONFLICTING IDEOLOGIES ON LABOR RELATIONS

There is a third point, how much do the labor attachés encounter of the strain between the conflicting ideologies of part of the East and the West as far as labor relations are concerned or to be more specific what is the influence of the Communists in the developing labor movements in some of these countries?

Those are the kind of things that we were discussing at this conference and I think everybody who participated in it came away with a feeling that the expenditure of some of these bloc funds which we have couldn't be better spent than by pulling together these people who work alone out in these smaller countries.

OFFICE OF THE SOLICITOR

The Office of the Solicitor has an appropriation this year of \$5,591,000. The 1968 request is for \$5,885,000, an increase of about 5 percent, \$294,000. There is only one program increase and that is

again to meet the litigation questions that arise in connection with the new legislation of the Fair Labor Standards Act amendments.

FEDERAL CONTRACT COMPLIANCE WITH CIVIL RIGHTS

There is then a Federal contract compliance and civil rights program which includes two parts, one of which involves the administration of the Executive order covering Federal contracts, the other involving the administration of title VI of the 1964 Civil Rights Act. The total appropriation in 1967 is \$1,103,000. The 1968 request is for \$1,355,000, up about 23 percent or by \$252,000 and that reflects simply the experience that we are encountering in the increasingly general acceptance of the principles of the Civil Rights Act and of the principles of the Executive order. At the same time it recognizes the incidental problems which arose in connection with the implementation of these principles in specific situations.

There will be later testimony about both aspects of this program.

DEPARTMENT HOUSEKEEPING FUNCTIONS

There are two other items which are presented to you, as you know, Mr. Chairman and members of the committee, as items with respect to which the Department of Labor has certain housekeeping functions but no policy responsibilities.

PRESIDENT'S COMMITTEES ON EMPLOYMENT OF HANDICAPPED AND CONSUMER INTERESTS

Those include the work of the President's Committee on Employment of the Handicapped and the President's Committee on Consumer Interests and there will be separate testimony about those.

That completes my general statement, Mr. Chairman and members of the committee, and I would be glad to answer whatever questions you may have about it.

Senator HILL. Mr. Holland.

COVERAGE UNDER FAIR LABOR STANDARDS ACT OF AGRICULTURAL WORKERS

Senator HOLLAND. Thank you, Mr. Chairman.

Mr. Secretary, there are two subjects on which I want to question you. One is that relating to the inclusion for the first time of certain agricultural workers under the Fair Labor Standards Act.

PERSONNEL TO ADMINISTER AMENDMENTS TO ACT

I note several references in your prepared statement to that subject and there may be others that should be mentioned. You state that out of a net increase of 570 employees for 1968 there are 250 of those 570 for "positions to administer the 1966 amendments to the Fair Labor Standards Act."

Secretary WIRTZ. Yes, sir.

Senator HOLLAND. There are, of course, some increases included under the Solicitor's Office and others which undoubtedly have some reference to this field but I find no other statement in the prepared statement which applies directly to this field.

DEVELOPMENT OF HAZARDOUS OCCUPATION ORDER

Secretary WIRTZ. The other one would be the development of the hazardous occupation study.

Senator HOLLAND. That is what I was going to refer to. That is in the prepared statement in which you say—and I think I can quote this substantially—that since the new act brings nearly a million new young farmworkers under the act, that in order to protect these workers a hazardous occupation order must be developed and that appropriate standards must also be developed to apply to youth in the newly covered nonagricultural industries.

AGRICULTURAL WORKER COVERAGE COST

You say that an increase of \$80,000 is being sought to cover these new responsibilities. I take it that that covers both of those responsibilities, both those in agriculture and those in nonagriculture?

Secretary WIRTZ. That is correct.

Senator HOLLAND. Is there any other part of your prepared statement which refers directly to the inclusion, for the first time, in the coverage of the Fair Labor Standards Act of this nearly 1 million farmworkers?

Secretary WIRTZ. There would be an element of comparable nature in connection with the Solicitor's appropriation.

Senator HOLLAND. It would seem to me that the sentence which reads:

The request includes only one program increase, for an additional \$140,000 to meet the responsibilities in interpreting and litigating questions arising under the 1966 amendments to the Fair Labor Standards Act.

probably covers in part this inclusion of farmworkers?

Secretary WIRTZ. Yes.

Senator HOLLAND. Are you able to state more definitely with reference to either the \$80,000 item or the \$140,000 item that we have mentioned, what portion of them refers to the inclusion of the farmworkers?

Secretary WIRTZ. I can give you a general statement and then we will ask each of the three witnesses as he appears, to be more specific, but that extended coverage would include in the total of 8 million I suppose almost a half million agricultural workers, and I will correct the record if that figure is wrong; so that I think for the purposes of developing the questioning, Senator Holland; I think it could be assumed that this would be just in round figures less than one-tenth.

Senator HOLLAND. In other words, there are those two instances where it is added cost and in each case it is minor, in one case \$80,000 and in the other case \$140,000, that roughly one-tenth of that new cost probably applies to the new agricultural labor coverage?

Secretary WIRTZ. It would be more than that percentage in the case of the development of the hazardous occupation order. It would be more than 10 percent of that \$80,000 and I will inquire as to whether there can be a more specific breakdown, but I think most of that would be for the necessity for a hazardous occupation order in agriculture where it had not been required before. Otherwise the answer stands, Senator.

Senator HOLLAND. I think that is a completely adequate answer at this time. I do hope that your witnesses who will appear in some detail on this subject will give us the nearest figure that they can.

Secretary WIRTZ. I will ask them to do so.

Senator HOLLAND. I realize it is a new program which began as I recall on February 1 of this year.

Secretary WIRTZ. That is correct.

PERSONAL DISTRIBUTION

Senator HOLLAND. Have you any breakdown of the 250 additional labor force that you are requesting or will this be furnished later?

Secretary WIRTZ. It will be.

Senator HOLLAND. As to how that is distributed between field people and office people and as between office people in the local areas and those here in Washington?

Secretary WIRTZ. We will give you as we go along a complete breakdown on that.

BUREAU OF EMPLOYMENT SECURITY FARM LABOR SERVICE

Senator HOLLAND. All right. Thank you very much.

Now, on the other subject I noticed that you mentioned, as I got it, only one time in your verbal testimony the problems in connection with farm labor, the administration of the farm labor problem.

I took it that that mention had to do with the administration of the question of whether and when supplemental harvest labor would be permitted to come into the country? Was I correct or incorrect?

Secretary WIRTZ. It would not be a matter of correctness or incorrectness. My reference was to the Farm Labor Service which is part of the Bureau of Employment Security and in response to the question you raise now a very small part of that would have to do with the use of foreign labor and the larger, much larger, would have to do with employment of domestic farm labor.

ADMINISTRATION COST OF MIGRATORY FARM LABOR

Senator HOLLAND. Can you state now for the record and, if not, can you have stated in connection with the testimony of later witnesses the cost of the administration of this part of your program; that is, that part for directing unemployed farmworkers from one section of the Nation where they are not needed at the moment to another section where they are needed and relating also there to the certification of the right of employers to have supplemental harvest labor imported either from Mexico, Canada, or the offshore islands?

Secretary WIRTZ. Yes, sir. I will see that that is done, Senator. It will be easy with respect to the allocation of money and people as far as the Federal program is concerned; namely, the Farm Labor Service in the Bureau of Employment Security, and we will give you a quite precise estimate. It will be an estimate but a quite precise breakdown.

PROGRAM GRANTS TO STATES

I should point out that that is only part of the answer to the broader question you may have in mind because there will be a similar answer

in respect to the expenditure in the State employment services of funds in connection with those programs. That will be harder to give you.

1966, 1967 AND 1968 FEDERAL PROGRAM EXPENDITURES

Senator HOLLAND. Of course, we are considering only the Federal budget and what I would like is to have you either furnish us or have one of your assistants give us later in connection with his testimony as nearly exact figures as you can of what is included in the budget for those two purposes which I have just discussed and also what is expended out of the fiscal 1966 funds and fiscal 1967 funds for those two purposes.

I take it that so far as the past is concerned, the matter ought to be possible to approximate much more definitely than it could for the future.

Secretary WIRTZ. We can do it. I must point out again that, technically, this appropriation does include the authorization for the grants to the States but you have recognized in your question that that would be difficult to get and also your larger interest in the Federal expenditures themselves, and that we can give you.

It is a small number. This is a small unit, the Farm Employment Service. That is a group of 224. The Farm Employment Service is a total of 224 people, 111 of them in the field and 113 of them in Washington and, again, I will see that there is the specific identification.

This will come down to something like 15 percent or less engaged on the foreign worker problem.

BASQUE SHEEPHERDERS

Senator HOLLAND. Mr. Secretary, there is one thing I would like to question you about. In former years and again this year, when I have requested from your Department figures of numbers employed in this country, either recently or at this time, of offshore or Mexican or Canadian labor or any foreign supplemental labor, invariably the Basque sheepherders have been overlooked. Doesn't your office regard them as agricultural workers?

Secretary WIRTZ. Yes, sir. I noticed your statement the other day on the floor, Senator. You referred to 1,500 or 1,600 and that is a little high, but not much. The figure has ranged approximately from 1,200 to 1,600.

Senator HOLLAND. Well, I got the figures last year finally from the Department and my recollection is that between 1,600 and 1,700 was the figure. This year, the information furnished did not include this group and I didn't have time to go back and ask for it to be included, so that I covered only what I was advised last year was the total.

USUAL SEPARATE TREATMENT

Secretary WIRTZ. You are certainly in the right range and any question about the supplying of those figures could have arisen only in connection with the terminology that is involved.

They do come in from Spain. I do count that an agricultural operation. It has usually been treated separately. It was not covered in the regulations which were issued in December of 1964.

It is not in general covered in the present consideration of seasonal farmworkers but they are clearly agricultural workers in my judgment.

CONCEALMENT OF TERRITORIAL COVERAGE

Senator HOLLAND. Well, it also seems to me that they are and that the fact that they are covered means that there is a much greater coverage territorially of this problem than is indicated when you confine the matter only to the fruits and vegetables and woodcutters which originally were not included either in figures furnished by your office but now always are furnished when I ask for figures.

AUTHORITY FOR EXACTING EXCESSIVE MINIMUM WAGES FOR SUPPLEMENTAL HARVEST LABOR

Mr. Secretary, by what authority of law do you now require persons who are producers of perishable crops and who wish to qualify themselves for having available foreign supplemental harvest labor when it is needed, requiring them to pay a minimum wage largely greater than the minimum wage fixed by the law we passed last year which for this year and up to February 1 of next year is \$1 an hour?

Secretary WIRTZ. No authority. Nor would I feel that I had such authority.

Senator HOLLAND. I say by what authority do you do that?

Secretary WIRTZ. I would have no authority to require in the terms of your question the payment of that kind of minimum wage.

The authority in Public Law 414, I think it is and I will correct the record if that is wrong, would be only to prescribe the wages which would have to be offered as a condition of getting foreign labor and if there is not that element in it there would be no authority to prescribe a minimum rate.

Senator HOLLAND. Well, the fact is that in order to qualify themselves for later certification if the facts require it, the harvesting facts, for certification of offshore or Mexican or Canadian labor, each employer, each producer does have to first agree to your Department to pay the rate that you prescribe which in each instance now is largely above the minimum wage prescribed by the 1966 law, is that correct?

Secretary WIRTZ. I think it is partly correct.

FLORIDA SUGAR PRODUCTION LABOR COST

Senator HOLLAND. Please state the complete accuracy.

Secretary WIRTZ. There would be several other factors to be taken into account. I do have in mind your statement on the floor the other day. This statement did not include any reference to the fact that under the applicable agricultural requirements provisions of law, there is a requirement right now in Florida for payment of \$1.35 an hour for work in connection with sugar production which is the largest factor there, so that enters into the picture very, very significantly, very basically.

NARROW PART OF AGRICULTURAL LABOR

That would be the largest single fact which was not previously referred to. Beyond that, there would be only the distinction which I think, Senator, in all due respect has not been made clear, the distinction between the extent to which this is the prescribing of a minimum wage for all workers or for all employers and the extent to which it is part of a very limited situation in which somebody may conceivably want to have or want to request foreign workers. I do point out that we are talking about what has become an exceedingly narrow part of the agricultural employment so that, as the discussion on the floor indicated, almost all of it now continues without reference to the foreign operation.

DISCRIMINATORY FIXING OF EXCESSIVE MINIMUM WAGE

Senator HOLLAND. Well now, you spoke of the fact that in Florida the sugar workers are allowed a \$1.35 minimum wage by order of the Secretary of Agriculture.

Secretary WIRTZ. Yes, sir.

Senator HOLLAND. No such operation as that is to be found, for instance, in California where your minimum requirement is \$1.60 per hour. At least if any such operation is found there, I have no knowledge of it.

Secretary WIRTZ. I don't either, Senator.

Senator HOLLAND. And no such operation is found in New England where your rates for the various States range from \$1.35 to \$1.60 in New England and New York. No such setting of a minimum wage by the Secretary of Agriculture is found in any industry found there, is there?

Secretary WIRTZ. I guess that I would have some different estimate of my familiarity with agriculture as a whole from that which you suggested the other day in terms of scurviness but I would attest on the basis of my limited and inadequate knowledge of this area that there is no sugar raised in New England.

Senator HOLLAND. In other words, the only peg that you have got to hang your hat on is that in one industry, that in Florida under a special provision and special law where the tax paid by the processors of sugar has proven to be largely more than enough to cover all benefits and there has been a payment over to the general revenue fund each year out of that tax after the benefits are paid, this is the only agricultural industry in the Nation where the Secretary of Agriculture has authority to fix and has fixed a minimum wage, is that correct?

Secretary WIRTZ. It is, so far as I know, yes.

Senator HOLLAND. Your authority for the operation which you are carrying on is found in what you regard as your authority to require such terms as you see fit on the part of agricultural employers who are producing perishable agricultural fruits and vegetables as a condition precedent to their qualifying themselves to bring in supplemental harvest help.

Secretary WIRTZ. Yes, I think that is right.

PLEADINGS FILED BY SOLICITOR IN U.S. DISTRICT COURTS

Mr. HOLLAND. Am I correct in my understanding that in the two jurisdictions where cases have been brought to the district courts of the United States by aggrieved employers, that is producers in the States of California and Florida, in both cases your solicitor has filed pleadings for you stating that you were without any authority in this matter, that you have only power to recommend and therefore you are not answerable to the courts.

Secretary WIRTZ. To the extent your question involves as it does the technicality of whether under the statute the jurisdiction goes directly to the Department of Labor or goes to the Department of Justice and is delegated by the Department of Justice to the Department of Labor and to the extent that that technicality as to be respected in the litigation of these cases the answer to your question is clearly affirmative but I have at no point left any question at all and I guess the various statements would reflect this, left no question at all about the assumption of responsibility for the action taken.

Senator HOLLAND. But you have raised a question as to whether you are answerable in law?

Secretary WIRTZ. No.

Senator HOLLAND. Well, would you have objection to my filing in the record at this point that portion of the memorandum opinion of Judge George C. Young, U.S. District Court, Middle District of Florida, Orlando Division pertaining to this matter?

Secretary WIRTZ. No, sir, Senator. Of course, I would not but I would want to make clear that the question is, one, as to whether the responsibility runs through the delegation or not. I think it does run through the delegation but I think that I am still answerable in practical terms, and answerable so long as this aspect in the form of the question in providing for the fact of its being a delegated responsibility but it exists.

Senator HOLLAND. Thank you very much, Mr. Chairman.

Thank you, Mr. Secretary.

(The information follows:)

UNITED STATES DISTRICT COURT

MIDDLE DISTRICT OF FLORIDA

ORLANDO DIVISION

No. 65-86-ORL-CIV

CHASE GLADES FARMS, INC., A CORPORATION, ET AL., PLAINTIFFS

v.

HONORABLE WILLARD WIRTZ, AS SECRETARY OF LABOR OF THE UNITED STATES, ET AL.,
DEFENDANTS

MEMORANDUM OPINION

* * * * *
Counsel for the Secretary of Labor argues that the Secretary and all of the defendants connected with the Department of Labor are acting only in an advisory capacity to the Attorney General; that none of such defendants have

any authority to prevent the subject laborers from performing any tasks in this country nor have they any authority to cancel the permits of such laborers to remain in this country, nor do they have any authority to deport any of them or to order such deportation. Said counsel represents that the Secretary of Labor has merely withheld his certification concerning the unavailability of like labor in the United States in the form of a clearance order as contemplated by the aforementioned Regulation 214.2(H)(2)(ii); that such action by the Secretary of Labor is advisory only and that the Attorney General may make a separate and independent determination on the petition to continue the stay of the laborers and in effect reject or accept what constitutes a recommendation by the Secretary of Labor. On the other hand, plaintiffs' counsel contend that in actuality the Attorney General has unlawfully delegated to the Secretary of Labor the authority vested only in the Attorney General to make such a determination and that whether it is in fact the Secretary of Labor or the Attorney General making such determination the refusal to permit the celery cutters to continue working until June 15, 1965, is an arbitrary and capricious exercise of a discretionary function.

This case is not now before the Court on the merits; nor is this case before the Court on the question of issuing a preliminary injunction—the sole issue is whether a Temporary Restraining Order should be granted pending a hearing of the question of whether a preliminary injunction should be granted. There has been no evidence adduced and the Court can look only to the contents of the verified Complaint and arguments of counsel. This Court concludes that under the law as this Court is advised as relevant to this case, the Secretary of Labor, his subordinates and the agencies of the Department of Labor are not vested with any authority to grant or deny the admission or the continuance in this country of any nonimmigrant laborer. Because of that, the determinations made by the Secretary of Labor in connection with such matters are solely advisory and can be accepted or rejected by the Attorney General in the exercise of his statutory authority on this subject. The giving of such advice is not subject to injunctions.

TRAINING PROGRAMS

Senator HILL. Senator Bartlett.

Senator BARTLETT. Mr. Chairman, I have several questions but they are all related to the job training and institutional training programs and if some witnesses follow to discuss these in detail, I won't take up the Secretary's time now.

INSTITUTIONAL, ON-THE-JOB, AND DEVELOPMENT PROGRAMS

Secretary WIRTZ. There will be specific statements on the subject of the institutional training programs from Mr. Brown; from Mr. Aller in connection with the experimental and demonstration programs; and Mr. Murphy and Mr. Goodwin also; so that there will be those statements.

It would depend, Senator Bartlett, on which kind of program it is. I will be glad to speak to any question. It is a matter with which I feel a considerable familiarity. Perhaps I could suggest, if there is something more specific to complete that answer, my point is that there are the three kinds of programs—the institutional programs, the on-the-job training programs, and the development programs—and there will be people who are working directly with each of those, but I would be glad to try to respond.

ON-THE-JOB AND INSTITUTIONAL PERSONNEL AND COST COMPARISON

Senator BARTLETT. Well, Mr. Secretary, can you now give us or later supply for the record the number of people involved in the on-the-job training program as compared with the number involved in

the institutional training program, the number of weeks training in each category, and the relative cost of the person trained?

Secretary WIRTZ. That information will be supplied.

TRANSFER OF INSTITUTIONAL PROGRAM FUNDS TO HEW

Senator BARTLETT. You said that you turned over some of the funds appropriated to the Department of Labor to HEW for institutional training?

Secretary WIRTZ. Under the statute it is provided that the Department of Labor will select those persons who are in need of this kind of training and will identify the programs of training which are required for them but will then arrange, and this is by statutory provision, for the actual setting up of the training programs by HEW through the vocational education people.

Senator BARTLETT. Do you know how much money has been or will be transferred to HEW this year?

Secretary WIRTZ. We will supply that specifically.

(The information follows:)

Estimated funds to be allocated to Health, Education, and Welfare in fiscal year 1967

Institutional training-----	\$95, 200, 000
On-the-job training:	
Basic education-----	10, 500, 000
Related institutional-----	10, 000, 000
Subtotal, training-----	115, 700, 000
State education services-----	8, 000, 000
Federal institutional training services-----	2, 482, 000
Grand total, HEW-----	126, 182, 000

ON-THE-JOB TRAINING

Senator BARTLETT. It is possible, is it not, Mr. Secretary, under Secretary WIRTZ. Yes, sir. It is.

contracts for on-the-job training to include those already on the job?

Senator BARTLETT. This being opposed to the new hires?

Secretary WIRTZ. This would be the unusual case that there would be this possibility for upgrading training.

Senator BARTLETT. This can go as high as 50 percent of the total?

Secretary WIRTZ. Mr. Murphy will be in a position to testify directly to that. I am not sure about the 50 percent. It is a much smaller amount than that. It is a rather rare situation. It has been increasing as these bottleneck situations develop but it is a minor amount.

AVERAGE COST OF TRAINING NEWLY HIRED PEOPLE

Senator BARTLETT. Since that will be done, can we also have the average cost of training for new hires?

Secretary WIRTZ. Yes, sir. On the on the job?

Senator BARTLETT. Yes.

Secretary WIRTZ. The round figure is \$800, the average figure, but I will have that in further detail.

(The information follows:)

Manpower development and training activities, comparison of estimated program design, fiscal years 1967 and 1968

	1967 ¹			1968 ²			Changes	
	Trainees	Average cost	Total cost (in thousands)	Trainees	Average cost	Total cost (in thousands)	Trainees	Total cost (in thousands)
Institutional.....	125,000	\$1,852	\$231,456	112,000	\$1,886	\$211,212	-13,000	-\$20,244
Youth.....	45,000	1,537	69,168	41,600	1,554	64,642	-3,400	-4,526
Regular adult.....	33,000	1,553	50,408	28,400	1,644	46,800	-6,600	-8,718
Disadvantaged adult.....	45,000	2,375	106,880	42,000	2,378	99,880	-3,000	-7,000
On-the-job training.....	125,000	924	115,544	112,000	939	105,148	-13,000	-10,396
Youth.....	15,000	867	13,008	16,000	893	14,285	+1,000	+1,277
Regular adult.....	51,000	747	38,100	41,200	780	30,914	-9,800	-7,186
Disadvantaged adult.....	59,000	1,092	64,436	54,800	1,094	59,949	-4,200	-4,487
Part time (regular adult).....				31,000	540	16,740	+31,000	+16,740
Prison inmates (disadvantaged adult).....				5,000	1,900	9,500	+5,000	+9,500
Other than skill training.....				20,000		4,400	+20,000	+4,400
Youth.....				10,000	180	1,800	+10,000	+1,800
Disadvantaged adult.....				10,000	260	2,600	+10,000	+2,600
Total.....	250,000	1,358	347,000	280,000	1,239	347,000	+30,000	0

¹ Included are 15,000 trainees and \$24,000,000 for projects in redevelopment areas of which 10,000 trainees and \$19,800,000 will be in institutional programs and 5,000 trainees and \$4,200,000 will be in on-the-job programs.

² Included are 13,700 trainees and \$22,000,000 for projects in redevelopment areas of which 9,200 trainees and \$19,000,000 will be in institutional programs and 4,500 trainees and \$3,000,000 will be in on-the-job programs.

DEPARTMENT SUPERVISION OF ON-THE-JOB TRAINING CONTRACTS

Senator BARTLETT. May I ask you this, Mr. Secretary.

What degree of supervision, what kind of supervision does the Department of Labor exercise over these on-the-job training programs and contracts?

Secretary WIRTZ. Again, you probably will find more satisfaction from Mr. Murphy but the answer must necessarily be centered that there is quite a variety in that answer. In fact, it is almost going to defy answer except in terms of illustration of a variety of these things.

SUPPLEMENTAL SUPPORTIVE TRAINING

By and large in a typical on-the-job program there will be a comparatively slight degree of that kind of supervision except that now we are running into more and more circumstances where the on-the-job training must be supplemented by supportive training of one kind or another, the case of an individual who goes to on-the-job training but who needs development of more basic skills such as arithmetic.

In that we are moving in a larger degree but, in general, there is a minor degree of supervision exercised in those cases except through the employer and the details Mr. Murphy can speak to.

Senator BARTLETT. Now, if you happen to know this, are these trainees in the on-the-job programs given instruction in areas beyond the immediate or particular skills required by their employers?

Secretary WIRTZ. That relates to the part I mentioned of the increasing amount of what we call supportive service of one kind or another that is added to it. The typical answer to the question is that they are not given other training than that but here is the increasing development of a need for broader training and supplementation of that.

MEDICAL SUPPORTING SERVICE ON-THE-JOB TRAINING

I suppose that one good illustration is that as we are moving now into more and more on-the-job training in connection with the medical supporting services, we are trying to broaden these programs to include what the whole system needs as well as what the particular employer needs.

We know we need more nurses aids and this kind of thing so that there is an increasing amount, in affirmative answer to your question. There is still a negligible amount, as of now, or, more specifically, most of the on-the-job training has so far characteristically been limited to the particular occupation which the employer is interested in.

ON-THE-JOB AND INSTITUTIONAL TRAINING PLACEMENT PERCENTAGES

Senator BARTLETT. Will you give us for the record the percentage of placements as between the OJT and the institution training?

Secretary WIRTZ. I will do it in detail. In general, the answer is almost 90 percent as far as on-the-job training is concerned and about 75 percent as far as the institutional training program is concerned but we will supply the details.

(The information follows:)

Summary of MDTA trainee completion, and placement, fiscal years 1963-67 as of Dec. 31, 1966

	Institutional	On the job
Estimated number of trainees who completed projects-----	264,000	78,800
Estimated number of trainees placed in jobs-----	198,000	69,000
Percent of those completers employed who are in training-related jobs---	75	88

PROGRAM TRAINEE WEEKLY COSTS

Senator BARTLETT. Would you give us also the relative cost per week of the trainee between the programs?

Secretary WIRTZ. We will supply this in detail. I better just hold that. I will give it to you in general. Our rule of thumb is that the on-the-job training program will cost on the average around \$900 and the institutional program will cost on the average around \$1,700.

(The information follows:)

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Summary of fiscal year 1968 program design reflecting 1966 amendments for average duration, training costs, and allowance costs per trainee

	Trainees	Duration (weeks)				Training costs per trainee				Allowance costs per trainee				Total cost
		Regular	Basic educational	Related institutional	Total	Regular	Basic educational	Related institutional	Total	Regular	Basic educational	Related institutional	Total	

PROGRAM TRAINEE LITERACY DIFFERENTIAL

Senator BARTLETT. Is it true that the on-the-job training tends to include people with higher degrees of literacy who have been employed previously while the institutional training programs are geared to people who have not been employable because they lack sufficient literacy as well as skills to be valuable to the employer?

Secretary WIRTZ. Yes, sir; that is true.

DIMINUTION OF INSTITUTIONAL TRAINING

Senator BARTLETT. You mentioned earlier, Mr. Secretary, that you are moving away from institutional training to the other side of the effort, in particular and on the whole. Why is this?

Secretary WIRTZ. For these reasons: There is a substantial cost difference. We can, if satisfactory arrangements can be made, train twice as many people in on-the-job training programs with the same amount of money as we can the institutional program. Another reason is that if we can arrange a satisfactory on-the-job training program, there is the significant feature that when the man finds his training is right there on the job he is more likely to move directly into permanent employment.

There is also the increasing feeling, Senator Bartlett, that with this economy going at the rate it is now we ought to be able to turn more and more of the training element in the program over to the private economy with the Government exercising less and less control of it.

You have by your questions indicated the one restraining feature on this movement and that is as we get further and further into this remaining reservoir of unemployment, and a higher and higher percentage of hard cases, we can't just turn it over to a system which will reach into that reservoir less effectively. My answer would be that there are the advantages in saving, in employability, in meeting the manpower needs of the system, all of which points toward the expansion of the on-the-job training program, but we can still not call on it to such an extent that we leave out the hard core cases.

We can't do that and we are trying to move more and more of the hard core cases into an on-the-job situation needing these supporting services.

Senator BARTLETT. But there is going to be a continuing need, is there not, for institutional training because we have so many unskilled, so many illiterates that no one is going to take them on until they have some development?

Secretary WIRTZ. That is what I meant by my last point. We can't turn to the on-the-job training if it means that we are passing up the hard-core cases.

1968 PROGRAM DISTRIBUTION

The proposed distribution on that for fiscal year 1968, we are programming on the basis of 112,000 on-the-job training slots. We are starting on the basis of 112,000 institutional and 112,000 on-the-job training with a floating 56,000 most of which we expect to see move into the institutional for the reason you suggested.

CONTINUATION OF INSTITUTIONAL TRAINING FOR ILLITERATE AND UNSKILLED PEOPLE

Senator BARTLETT. Suppose we pin it on a situation of which we have some special knowledge and at the moment, Mr. Chairman, I am thinking of institutional training programs we have been carrying on in Alaska which has been of enormous benefit to Eskimos and Indians who have so much trouble getting employment. They have no skills. Some of them are not literate and these programs, thinking of an electronics training program that was carried on at the University of Alaska, trained these people to be fairly competent and taught them in some cases to read and write, and employment awaits them after the course is completed because of the requirements of the radar screen system up north.

I hope programs like this in Alaska and elsewhere where they need it will continue to be funded.

Secretary WIRTZ. They certainly will be.

Senator HILL. Senator Holland, do you have further questions?

STATISTICS ON UNEMPLOYMENT OF AGRICULTURAL LABOR IN FLORIDA

Senator HOLLAND. Yes, I have a few more questions, Mr. Chairman.

Do you have, Mr. Secretary, any figures on unemployment of agricultural labor in Florida which I understand is practically nil.

Secretary WIRTZ. Items of agricultural labor alone?

Senator HOLLAND. I will be glad for you to state it in unemployment of any class of labor but I know that we have gone to the very, very bottom of the bucket so far as agricultural labor is concerned or anybody that will accept agricultural labor.

Secretary WIRTZ. Well, the answer to that question in specifics I should probably leave to Mr. Goodwin in connection with the Farm Labor Service but that is a very hard thing ever to put our figures on. With the amount of migratory labor that there is going through there to get it fixed at any point would be exceedingly hard.

LONG-DISTANCE RECRUITMENT

Senator HOLLAND. You know, of course, that the Florida fruit and vegetable industries have over a period of years recruited labor for long distances away from Florida, going as far as Pennsylvania, as Kentucky, Missouri, Oklahoma, and Texas, and that the process has continued at heavy expense each year.

You know that, do you not?

Secretary WIRTZ. I did know that there is a large amount of that and there is the reliance on the interstate recruitment and I would like to add something on that point: That I have just unqualified admiration for the way in which the citrus industry has been handling its recruitment and employment program in the last year or two and we have worked with them as you know in the closest harmony and I know of no protest at all about the situation from them and I surely have none.

Senator HOLLAND. I noticed your letter, the letter of your assistant, Mr. North, which I placed in the record the other day stated:

The average rate per hour of Florida citrus pickers was two dollars or better when they were working not on a minimum wage but on a piece rate basis.

Secretary WIRTZ. The earnings have averaged above that.

RECRUITING EXPENSE

Senator HOLLAND. I am concerned, Mr. Secretary, at the very heavy expense which is required every year for this exhaustive and far distant recruiting apparently as a condition precedent to qualification for bringing in offshore harvest labor from friendly countries some of them less than 100 miles from our shore and all of them very close by and all of them very anxious to work in our vegetable fields and in our citrus industry.

Why is this very expensive requirement made as a condition prior to the certification of anybody as supplemental harvest labor from offshore?

Secretary WIRTZ. I don't believe there is a very expensive requirement of that kind.

RECRUITMENT IN PUERTO RICO

Senator HOLLAND. Now, Mr. Secretary, you spoke about the sugar industry awhile ago. My recollection is that you, yourself, required recruitment from as far as Louisiana and a recruitment was made and that it was found to be a completely abortive thing because the men recruited would not cut the sugarcane and you also required recruitment as far away as Puerto Rico, nearly a thousand miles away and some of your people went down to Puerto Rico from here with the importers from the sugarcane industry only to find that the Commonwealth of Puerto Rico would not permit their needed sugarcane harvesters to leave the area at the time when Florida needed them. Did you have knowledge of those facts?

Secretary WIRTZ. No, sir. I am trying very, very hard, Senator Holland, to respect the nature of the inquiry and the office. I know that you don't want argument from me but when you ask a question like that which includes an assumption of a fact of the requirements of the importation of harvesters from Puerto Rico, Senator, I think we realize that none of that has been done unless it goes back in history to a time when I was not here; but I had nothing to do with it.

Senator HOLLAND. Are you denying that personnel from your office went with the employers from the sugarcane industry from Florida to Puerto Rico to recruit?

Secretary WIRTZ. I perhaps misunderstand your statement. I thought you said that this was a requirement of the hiring of Puerto Rican workers as a requirement for the certification.

Senator HOLLAND. No; I think my question included, or should have, that after making that expensive trip of our people along with your people to San Juan it was found that the Commonwealth of Puerto Rico needed their sugarcane harvesters at the same time that Florida needed hers and they would not permit them to come to Florida.

If you find the facts different from that, I hope you will ask Mr. Goodwin or someone to give us the specific facts because that is my clear understanding of what happened.

PUERTO RICAN PROJECT ABANDONED

Secretary WIRTZ. The facts are different, Senator. The facts are that there were missions both ways and that there was a conclusion

on the part of the Puerto Rican authorities that they would think it a mistake to bring Puerto Ricans into Florida because of the possibility of racial incidents of one kind or another and therefore that project was abandoned.

Senator HOLLAND. You know, of course, don't you, that some thousands of Puerto Rican laborers are brought to Florida each year for the vegetable and fruit industries and others and that there has been no opposition or objection to their coming.

Secretary WIRTZ. I thought that the decision of the Puerto Rican group was wrong but that was the basis on which that investigation was concluded.

RECRUITMENT OF SUGARCANE CUTTERS FROM LOUISIANA

Senator HOLLAND. Now let us come back to the part that your Department played in the recruitment of sugarcane cutters from Louisiana.

My understanding was that this was done at the specific request of your Department and that the same 70 cutters found there were brought to Florida and when they found the kind of job which confronted them which was handcutting with machetes in the muckland which will not stand the cutting of the cane by machine that they left, almost all of them, at once and within 2 weeks all of them except one who had cut himself with a machete and who stayed in the hospital there a considerable time to have his care effected at the expense of the canegrowers.

Do you have any different understanding from that?

Secretary WIRTZ. I only would have to know what time we are talking about, when?

Senator HOLLAND. We are talking about last year before you certified anybody. That would be in the year 1965 for the harvest season of 1965-66.

Secretary WIRTZ. If the question, Senator, is whether or not in connection with the present season but in connection with the previous season we did investigate the possibility of satisfactory importation from other States of sugar workers into the Florida area and concluded that that was not a practical possibility and therefore proceeded without reservation to the importation of sugar workers from the islands, the answer is "yes."

NUMBER OF WORKERS CERTIFIED

Senator HOLLAND. Well, I thank you for that answer and I want to thank you also for the new position, since all this expensive recruitment and the trip to Puerto Rico and so forth, which you have taken and are now talking with reference to the sugarcane industry of Florida. My understanding is that you have certified in some 8,746 workers in a year?

Secretary WIRTZ. That is substantially correct.

Senator HOLLAND. And that most if not all of them were brought in and a considerable number are still there and will be there until the cane crop is harvested. I commend you for that. I think you have subjected the industry to rather great effort and rather great expense before you did that but you have done it and therefore I think you have earned our thanks and commendations and I give it now.

I wish that I could say the same thing about the citrus industry, the vegetable industry, and the strawberry industry.

You know, of course, do you not, that the strawberry industry of our Nation both in Florida and California in particular has largely migrated to the Latin American countries and to the islands of the Caribbean due in part at least to the difference in cost of production in those areas and the cost of labor in the United States.

You know about that migration, do you not?

Secretary WIRTZ. Mr. Chairman and Senator Holland, you passed citrus so quickly that I can only feel it an injustice which should be corrected only to this extent.

WORKING RELATIONSHIP BETWEEN DEPARTMENT AND CITRUS INDUSTRY

The working relationships between the Department of Labor and the citrus industry have to the very best of my knowledge been for the last 18 months approximately almost a superb example of private-public cooperation so that there has been no difficulty at all.

There has been no request for foreign workers turned down that I recall. When there was apparently going to be a very serious freeze last year in Florida in February there was a request for workers which was honored immediately before the freeze set in.

PIECE RATE SYSTEM APPROVED

There has been at all times an ample supply of citrus workers. There has been a request from that industry for the approval of a piece-rate system which was approved. There is, so far as I know, a working relationship satisfactory from our standpoint and I think from the industry's standpoint.

I should want the public record to pay a degree of respect to that industry and I don't care about my position. That will complete the record on that.

Thank you for letting me do that.

Senator HOLLAND. I think that the citrus industry is going to need a substantial amount of new help for the picking of their Valencia crop this year because I am informed that the areas which produce vegetables, and they are highly perishable crops, up the seaboard are even now and have been for some weeks recruiting labor in Florida and that we are going to lose a sizable part of our picking crews.

However, that is a problem ahead of us.

Secretary WIRTZ. It is a problem which as you know involves the question of whether the workers in Florida will stay there.

Senator HOLLAND. You are certainly entitled to having the record state that the piece-rate program which you approve has worked out nicely as we knew it would because we knew we had been paying the piece-rate workers largely in excess of any minimum wage required either of agriculture or industrial labor in our State. They can make big money if they just want to work and your people have recognized that fact and have worked with the citrus industry for which I comment you.

I hope you will continue it during this troublesome period which I foresee ahead because I think we are going to need several thousand additional workers to harvest the main crop.

As you know, we have something like a 41 percent increase in the orange crop which poses no easy question to solve.

TOMATO INDUSTRY IN CALIFORNIA

The last thing that I want to ask of you is relative to California. Is it not a fact that a sizable portion of the tomato industry, both producers and processors, has moved into Mexico due to the differential in labor costs between what is paid in California and what is paid in Mexico?

Secretary WIRTZ. It is not a fact.

Senator HOLLAND. What is that?

Secretary WIRTZ. It is not a fact.

Senator HOLLAND. Would you submit for the record the facts upon which you rely in stating that that is not a fact? I would like to have it.

QUOTA RECORD

Secretary WIRTZ. I should be glad to supply information for the record on that including the announced change of position on the part of a number of tomato growers with which you may be familiar. I was trying to see if I had it here. Yes, I will be glad to supply that.

Senator HOLLAND. This covers the question of both the production and processing of tomatoes?

Secretary WIRTZ. Yes, sir.

(The information follows:)

Tomato acreage and production in Florida, California, and the United States

	Harvested acreage			Production (tons)		
	1966	1965	1964	1966	1965	1964
Florida:						
Fresh Market.....	44, 400	42, 300	38, 300	372, 950	361, 550	350, 900
Processing.....	7, 600	6, 600	8, 000	66, 900	55, 400	67, 700
Total.....	52, 000	48, 900	46, 300	439, 850	416, 950	418, 600
California:						
Fresh market.....	32, 300	31, 600	35, 300	300, 500	287, 650	318, 600
Processing.....	156, 000	122, 800	143, 000	3, 120, 000	2, 468, 300	3, 003, 000
Total.....	188, 300	154, 400	178, 300	3, 420, 500	2, 755, 950	3, 321, 600
United States:						
Fresh market.....	157, 240	159, 090	160, 350	1, 041, 950	1, 036, 500	1, 031, 800
Processing.....	291, 930	255, 160	270, 080	4, 637, 870	4, 482, 240	4, 561, 010
Total.....	449, 170	414, 250	430, 430	5, 679, 820	5, 518, 740	5, 592, 810

Source: "Vegetables Fresh Market," USDA. "Vegetables Processing," USDA.

TOMATOES IN MEXICO

Approximately 30 percent of Mexico's annual production of fresh market tomatoes is grown for export, mostly in the State of Sinaloa on the west coast. The acreage of pole tomatoes has continued the sharp upward trend of recent years, while plantings of ground tomatoes have declined sharply. While total acreage of tomatoes for the current season is about the same as last season, the potential production is much larger. One acre of pole tomatoes will produce a tonnage of marketable tomatoes equal to 3 or 4 acres of ground tomatoes.

	Planted acreage		
	1964-65	1965-66	1966-67
	1,000 acres	1,000 acres	1,000 acres
Pole tomatoes.....	16.1	20.0	23.7
Bush tomatoes.....	14.9	9.6	4.9
Cherry tomatoes.....	.8	1.2	2.2
Total.....	31.8	30.8	30.8
	Production		
	1964	1965	1966
	1,000 metric tons	1,000 metric tons	1,000 metric tons
Quantity (1,000 metric tons).....	482	490	1 464
Amount (millions of dollars).....	34.2	34.8	1 32.9

¹ Preliminary.

STRAWBERRY PRODUCTION IN FLORIDA AND CALIFORNIA

Senator HOLLAND. A moment ago when I asked you about strawberries and the migration of a sizable part of the strawberry production, I noticed that you talked about citrus and talked about sugar but I didn't hear you say anything about strawberries.

Secretary WIRTZ. I am sorry I interrupted on strawberries because we passed citrus so fast.

Senator HOLLAND. Isn't it a fact that a large percentage of the winter and spring production of strawberries formerly produced in Florida and California has moved into Mexico and Central America and the islands of the Caribbean due to the differential in cost of production?

Secretary WIRTZ. As far as I know it is not a fact.

Senator HOLLAND. Would you supply the facts?

Secretary WIRTZ. I don't know how to prove the negative, Senator. There has been this same kind of suggestion made and it has received a good deal of public attention. If there are facts which apply to support that, the suggestion implicit in your question, I should be happy to meet them.

In the meantime I will do whatever I can to complete the record with the establishment of the negative.

Senator HOLLAND. I wish that you would then in the affirmative have introduced for the record the production of strawberries from California and Florida in each of the last 3 years.

Secretary WIRTZ. Surely.

(The information follows:)

Strawberry production and acreage, Florida and California, 1964-66

	Harvested acreage			Production (1,000 pounds)		
	1966	1965	1964	1966	1965	1964
Florida.....	2,300	3,200	2,700	20,930	25,608	21,600
California.....	7,800	8,300	9,000	177,840	175,660	228,600

Source: U.S. Department of Agriculture bulletins "Vegetable Fresh Marketing" and "Vegetable Processing."

Senator HILL. Senator Bartlett, do you have any further questions?
 Senator BARTLETT. I have no further questions.

OFFICE OF THE SECRETARY, SALARIES AND EXPENSES

Senator HILL. Mr. Secretary, I believe you had an additional statement.

APPROPRIATION ESTIMATE

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

For expenses necessary for the Office of the Secretary of Labor, **[\$3,685,000]** \$4,946,000, together with not to exceed \$538,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Executive direction.....	51	\$1,026,800	78	\$1,400,400	+27	+\$373,600
2. Office of Information.....	22	314,000	22	323,300		+9,300
3. Office of Assistant Secretary for Administration:						
(a) Immediate Office.....	5	133,000	5	129,400		-3,600
(b) Office of Management Services.....	6	79,500	6	81,800		+2,300
(c) Office of Financial Systems and Audit.....	67	957,000	74	1,044,000	+7	+87,000
(d) Personnel operations.....	80	1,094,800	80	1,204,800		+110,000
(e) Library.....	35	344,100	35	353,700		+9,600
(f) Office of Program and Budget Review and Organization and Management.....	36	510,900	44	615,600	+8	+104,700
(g) Field administration.....	19	183,900	19	189,300		+5,400
4. Appeals from determinations of claims under the Federal Employees' Compensation Act.....	9	138,000	9	141,700		+3,700
Total obligations.....	330	4,782,000	372	5,484,000	+42	+702,000

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$3,685,000	\$4,946,000
Transfer from unemployment trust fund.....	140,000	538,000
Comparative transfers from other accounts for centralized audit and systems functions:		
Office of the Manpower Administrator, salaries and expenses.....	185,000	
Office of Economic Opportunity, economic opportunity program.....	185,000	
Bureau of Apprenticeship and Training, salaries and expenses.....	14,000	
Bureau of Employment Security, salaries and expenses.....	426,000	
Labor-Management Services Administration, salaries and expenses.....	18,000	
Wage and Hour Division, salaries and expenses.....	27,000	
Bureau of Labor Standards, salaries and expenses.....	11,000	
Women's Bureau, salaries and expenses.....	3,000	
Bureau of Employees' Compensation, salaries and expenses.....	8,000	
Bureau of Labor Statistics, salaries and expenses.....	52,000	
Bureau of International Labor Affairs, salaries and expenses.....	9,000	
Office of the Solicitor, salaries and expenses.....	16,000	
Office of Federal Contract Compliance.....	3,000	
Total.....	4,782,000	5,484,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	330	372	+42
Positions other than permanent.....	7	7	-----
Average number of all employees.....	320	348	+28
11 Personnel compensation.....	\$3,553,350	\$3,954,375	+\$401,025
12 Personnel benefits.....	256,500	289,715	+33,215
21 Travel and transportation of persons.....	196,200	238,000	+41,800
22 Transportation of things.....	5,200	9,700	+4,500
23 Rent, communications, and utilities.....	184,700	219,065	+34,365
24 Printing and reproduction.....	169,600	185,210	+15,610
25 Other services.....	272,450	409,215	+136,765
26 Supplies and materials.....	94,800	104,020	+9,220
31 Equipment.....	49,200	74,700	+25,500
Total obligations.....	4,782,000	5,484,000	+702,000
Working capital fund items included above.....	(345,100)	(388,300)	(+43,200)

Summary of changes

	Direct appropriation	Trust fund	Total available
1967 enacted appropriation.....	\$3,685,000	\$140,000	\$3,825,000
Comparative transfer from other accounts for centralized audit and systems functions.....	559,000	398,000	957,000
1967 appropriation, revised.....	4,244,000	538,000	4,782,000
1968 estimate.....	4,946,000	538,000	5,484,000
Total change.....	+702,000	-----	+702,000

Mandatory items:**Increases:**

Net additional cost to restore pay costs absorbed in 1967.....	+\$85,000
Net additional costs of within-grade promotions effective for part year in 1967.....	+11,067
Net cost of within-grade promotions becoming effective in 1968.....	+15,098
Increased cost of movement of household goods and relocation expenses of transferred employees.....	+4,500

Decreases:

Nonrecurring rental costs.....	-4,865
Nonrecurring extra day of pay for current year staff.....	-11,300

Subtotal, mandatory items.....+99,500

Program items:**Increases:**

To provide regional representatives and secretaries to assist the Secretary and other officials with operating responsibilities to coordinate Department programs in the field. (14 positions, \$118,700 personnel costs; \$56,300 nonlabor).....	+175,000
Funding of civil defense functions formerly financed by the Office of Emergency Planning (6 positions, \$60,900 personnel services; \$30,100 nonlabor).....	+91,000
For share of costs of the Conference on Developing Institutions to acquaint college officials with Federal programs designed to provide financial support to educational institutions.....	+1,000
To provide for additional staff in the Office of Policy Planning and Research to give the Secretary staff advice on policy and planning goals including evaluation of alternative courses of action. (7 positions, \$68,450 personnel costs; \$18,550 nonlabor).....	+87,000

Program items—Continued

Increases—Continued

To establish required accounting systems, including cost accounting systems, at all levels throughout the Department and its constituent organizations in accordance with the Budget and Procedures Act of 1950, as amended. (7 positions, \$68,450 personnel costs; \$18,550 nonlabor) -----	+ \$87, 000
For share of costs of Civil Service Commission interagency boards of examiners -----	+ 75, 000
To increase the staff of the Office of Program and Budget Review for greater emphasis on evaluation of current policies and programs (4 positions, \$32,400 personnel costs; \$11,600 nonlabor) -----	+ 44, 000
To provide for a coordinated departmental management information system to allow for more knowledgeable decision-making by the Office of the Secretary and to develop implementation of the program planning and budgeting system on a Department-wide basis and to extend the program planning and budgeting system to field operations (4 positions, \$33,400 personnel costs; \$10,600 nonlabor) -----	+ 44, 000

Subtotal, increases ----- +604, 000

Decreases:

Nonrecurring equipment costs for new positions in 1967 ----- -1, 500

Subtotal, program items ----- +602, 500

Total change ----- +702, 000

Activity 1. Executive direction

1967:		
Amount -----	1, 026, 800	
Positions -----	51	
1968:		
Amount -----	1, 400, 400	
Positions -----	78	

NARRATIVE DESCRIPTION OF PROGRAM

This activity covers the executive functions of the top staff involved in the formulation of governmental policy in the field of labor and in the direction of all programs and functions assigned to the Department.

Included here are provisions for the Secretary and his staff, the Under Secretary and his staff, the Assistance Secretary for Labor-Management Relations, the Assistant Secretary for Labor Standards, the Assistant Secretary for Man-power, the Office of Policy Planning and Research, and the Office of Legislative Liaison.

Each Assistant Secretary has a small support staff to assist him and his program managers in policy formulation, research and analysis, and administration of the program operations functionally assigned him. In addition, there is the Office of Policy Planning and Research, which has over-all responsibility for evaluating programs and providing direction in terms of the Department's policy objectives, for review of new proposals coming to the Secretary from various sources, and for exploratory studies looking toward ways to meet emerging problems and developing opportunities within the area of the Department's responsibility.

OFFICE OF LEGISLATIVE LIAISON

This Office coordinates, analyzes, and supervises all legislative activities of the Department and is charged with maintaining an amicable working relationship with the Congress. Each year an assessment is made of the political factors which will affect the scheduling and passage of the Department's legislative program. This involves consulting with interested citizen's groups, ascertaining the tactical situation in Congress, and coordinating the Department's program with the White House and other Departments. The Office assists in the preparation of the legislative program and is responsible for its presentation to Congress and continuing to work for its successful enactment.

Changes for 1968

Mandatory changes amount-----	\$20,350
Program changes-----	
Regional representatives:	
1967—2 positions-----	38,700
1968—16 positions-----	213,700

With the new and expanded programs of the Department over the past several years a need has arisen for the establishment of regional representatives of the Secretary.

In some instances these representatives will cover more than one regional center. They will be responsible for seeing that the Bureau staffs in the field operate in the best interest not only of the Bureaus but of the Department. They will insure that the policies of the secretary are carried out, serve as an observer and appraiser of operations for the Secretary so that the Secretary will be in a better position to make necessary changes in organization or operations to insure that the public is adequately served. Another principal function will be to serve as liaison with the public, the Governors and other State and Federal administrators. They will also recommend changes in policies and operations to better meet the needs of the public.

A regional representative of the Secretary has been serving in San Francisco on an experimental basis since the fall of 1964. Based on his success in performing the above described duties it is requested that provision be made for seven additional regional representatives and secretarial assistance to permit coverage of the following regions: Boston, New York, Chicago, Atlanta, Dallas, Kansas City and Chambersburg, Pa.

Emergency preparedness functions

1967 Reimbursement from Office of Emergency Planning
1968—6 positions, \$91,000

NARRATIVE DESCRIPTION OF PROGRAM

The Department of Labor, under Executive Order 11000, is charged with the responsibility of (a) ensuring the availability of an adequate labor force in terms of numbers and skills, and applying such voluntary and other measures, including tentative pre-attack assignment of manpower for emergency needs, as may be necessary to meet mobilization and civil defense requirements of activities essential for survival and recovery; (b) developing adequate statistics on the availability of manpower by geographic location and its probable productivity to ensure rapid estimation of surviving manpower resources and their capability in an emergency in the event of attack on the United States; (c) pre-attack planning for local post-attack reporting of manpower supply and demand and adequate wage and price statistics for effective operation of a wage and price stabilization program; (d) developing procedures for accumulating estimates of manpower requirements and for determining the adequacy of manpower resources to meet these estimated requirements; (e) developing adequate provisions for a wage and salary stabilization program and its enforcement and developing optimum procedures for ensuring maximum cooperation between labor and management and for solving labor-management disputes; and (f) coordinating the above functions and the Department's emergency planning with that of other Federal agencies and developing an Executive Reserve program to meet emergency needs of the Department.

Activity 2. Office of Information

1967:	
Amount -----	\$314,000
Positions -----	22
1968:	
Amount -----	\$323,300
Positions -----	22

NARRATIVE DESCRIPTION OF PROGRAM

This program provides information services for the Department and has the responsibility for coordinating work in this area. Because the Department's

programs are of particular interest to the business, labor and academic communities, as well as the great majority of the working population, there is a constant need for presenting information on these activities in a clear and useful manner. In this respect, this office is the principal link between the Department and the public. To this end, it keeps the public informed on the facts gathered, the laws administered, and the services performed by the Department, by preparing and issuing news releases, coordinating departmental relations with public information media, answering inquiries, and compiling publications of Department-wide significance.

Activity 3. Office of the Assistant Secretary for Administration

1967:		
Amount	-----	\$3, 303, 200
Positions	-----	248
1968:		
Amount	-----	\$3, 618, 600
Positions	-----	263

NARRATIVE DESCRIPTION OF PROGRAM

This activity embraces top level Departmental planning, evaluation and coordination of all program operations and management activities. The components are these:

(a) Immediate office

1967—5 positions	-----	\$133, 000
1968—5 positions	-----	129, 400

The Assistant Secretary for Administration is the principal administrative official of the Department, responsible for providing the full range of administrative support for departmental activities and for creating the capability to effectively and economically administer the Department's increasingly expanding programs. In this capacity he directs the activities of budgetary and financial management, personnel management; program analysis and evaluation, organization and administrative management, administrative services and the Department of Labor Library. All major relationships outside the Department on administrative and management matters are developed and maintained by this office, which also coordinates contacts with the Bureau of the Budget and the Congress, except for those involving substantive legislation.

Changes for 1968

Mandatory changes amount	-----	—\$3, 600
Program changes	-----	None

(b) Office of Management Services

1967—6 positions	-----	\$79, 500
1968—6 positions	-----	81, 800

The Office of Management Services serves all organizational units financed by the appropriations for the Office of the Secretary, the Working Capital Fund, and the Office of Federal Contract Compliance (Equal Employment Opportunity). This includes: the Immediate Offices of the Secretary; Under Secretary; and Assistant Secretaries for Labor-Management Relations and Manpower; the Office of the Assistant Secretary for Labor Standards; Assistant Secretary for Administration; Policy Planning and Research; Legislative Liaison; Mobilization Policy and Coordination; Information, Publications, and Reports; Federal Contract Compliance (Equal Employment Opportunity); the Employees' Compensation Appeals Board; and Advances and Reimbursements from other Federal agencies. The Office assists the units in the Office of the Secretary to (1) establish planning goals, (2) determine major courses of action to achieve goals, (3) determine budgets (resource requirements), (4) execute program activities, and (5) review and appraise accomplishments. The Office also provides certain administrative support services.

Changes for 1968

Mandatory changes amount	-----	\$2, 300
Program changes	-----	None

(c) Office of financial systems and audit

1967—67 positions-----	\$957,000
1968—74 positions-----	1,044,000

FINANCIAL AND CONTRACT AUDIT AND ACCOUNTING SYSTEM AND DEVELOPMENT FUNCTIONS

1. *Financial and Contract Auditing*.—a. A statutory as well as an inherent responsibility of the Secretary of Labor is the assurance that all funds authorized for all Department of Labor programs, regardless of source, are properly utilized and controlled. This same responsibility is also implicit at all levels of the Department. To provide this assurance, some staff capability has been available for a number of years within several components of the Department to deal with individual or closely related programs. For some programs there has been no provision for auditing at any level within the Department.

b. At the Departmental level until recent years there has been no staff capability for this purpose and basic reliance for this kind of information has been upon reports of the General Accounting Office, Bureau of the Budget, Civil Service Commission, other components of the Department of Labor, other departments or agencies, or special studies by sources outside the Federal Government. Even as of the time of this estimate there are only limited resources available throughout the Department for use in this very important area of concern to the Secretary of Labor.

c. The Department of Labor is now in the process of modernizing its financial management activities, as required by the various governing statutes and regulations of the General Accounting Office, Bureau of the Budget, General Services Administration, and Treasury Department. Heretofore, financial and contract audit responsibilities have been exercised mainly at the administration and bureau or equivalent levels with only limited overall Department policy or guidance.

d. In order that there will be reasonable assurance that within the foreseeable future all audit responsibilities are accomplished in the most modern, effective, efficient, and economical way possible, financial and contract audit functions performed or contemplated by or for various organizations of the Department of Labor are being centralized within the Office of the Assistant Secretary for Administration in a Division of Audit, Office of Financial Management and Audit. This centralization is expected to provide for:

(1) Uniformity of audit policies within the Department.

(2) One point of contact with the Department for (a) the General Accounting Office, (b) other agencies of the Federal, State, and local governments when cross audits are performed, and (c) private firms or other organizations.

(3) Elimination of any duplication of audits when different organizations have dealings with the same grantees, sponsors, or suppliers or services and materials.

(4) One organization responsible for the financial and contract audit functions of the Department and for independent auditing and reporting to the Secretary of Labor.

e. Those financial and contract audit functions performed by the following organizations, with related staff, have been transferred to the newly established Division of Audit:

(1) Financial Audit Staff, Office of the Assistant Secretary for Administration (5 positions).

(2) Branch of Financial Audit, Division of State Audits and Management Appraisal, Administration and Management Service, Bureau of Employment Security (including field staffs), (25 positions).

(3) Audit Branch, Division of Finance, Office of Financial and Management Services, Manpower Administration (including field staffs), (23 positions).

f. The effect of this centralization will be that final action on audit reports is vested in the Secretary of Labor. Audit staffs, although not under the line management of program managers, will still work out audit programs with the managers involved and will make provision for their special needs. All audit reports will be initially transmitted to program managers in draft for review, comment, and implementation where appropriate. The centralized audit staff

is expected to function as a staff service to both the program managers and the Secretary.

2. *Accounting Systems Development.*—a. Under the provisions of the Budget and Accounting Procedures Act of 1950, Federal departments and agencies are required to institute for all their programs, accounting systems which are in accord with standards and criteria issued by the General Accounting Office. In addition, all such systems must be approved by the General Accounting Office. Although this legislation has been in effect for over 16 years, the Department of Labor does not have all the requisite accounting systems either instituted or approved. The Department has been severely criticized for its slow rate of progress by both the General Accounting Office and the Congress through the House Government Operations Committee.

b. Until recent years various components of the Department maintained separate accounting systems and records for all funds. This is still the case for most program funds, although provision has been made for reporting on the status of all funds to the centralized accounting organization in the Office of the Assistant Secretary for Administration. Progress towards development and implementation of an integrated accounting system, particularly as regards program funds, has been to long delayed.

c. The Department has made a commitment to the Bureau of the Budget, General Accounting Office and the interested committees in Congress that accounting systems for all its programs will be developed and in effect by December 31, 1968. Prior target dates have not been met for various reasons, including the fact that the extent of systems work involved was grossly underestimated and insufficient staff was assigned to perform the required activities.

d. Effective implementation of the Department's Management Systems (DMS) and its eventual extension to levels within the Department, including State agencies and major continuing projects financed by Federal funds made available through the Department of Labor, make mandatory the early complete installation of an integrated financial accounting and reporting system.

e. In view of the general slow rate of progress, the President, Bureau of the Budget, General Accounting Office and Congressional committees are taking intense interest in what is being done throughout the Federal Government to satisfy both statutory and regulatory requirements for accounting systems at the earliest possible date. Consequently, all departments and agencies are facing the problem of competing for and retaining an already scarce supply of qualified systems accountants to perform the necessary work.

f. Considering the scope of the task, time limits, limited resources available, and the general need for closer coordination of work activities, it is deemed essential that the staff of Administrations, Bureaus and Offices receive common direction and, in effect, constitute a Department-wide technical resource.

g. Therefore, all accounting systems development functions now performed by various organizations are to be directed by Director, Office of Financial Management and Audit, Office of the Assistant Secretary for Administration. Central direction has as its major objectives:

(1) The development of cost-based accounting systems which will satisfy the criteria and standards established by the General Accounting Office and will be responsive to management needs.

(2) A single unit responsible for the accounting systems development for the Department.

h. As with the centralization of audit functions, the accounting systems development staff is expected to function as a staff service to all program managers as well as the Office of the Secretary.

Changes for 1968

Mandatory changes amount.....	None
Program changes (7 positions).....	\$87,000

Systems accounting: As part of its Financial Management Improvement Program the Department of Labor for the past few years has striven with limited resources to accomplish in the accounting systems area what has turned out to be a significantly larger task than was initially envisioned. It is now imperative that our efforts be accelerated in order that the requisite accounting systems may be installed and operating at the earliest possible date, if we are to satisfy essential needs of management for meaningful financial information at all levels of the Department within any reasonable period of time.

The President has directed acceleration of the development of businesslike financial systems in order to achieve what is contemplated by the Budget and Accounting Procedures Act of 1950, as amended. In addition, the President directed the early implementation of a programming, planning, budgeting system, and the Bureau of the Budget has promulgated detailed instructions effecting such a system. The Department's Program Budget Management System (PBMS) has been modified to be compatible with the President's program. Effective and timely financial accounting and reporting are an integral part of the Program Budget Management System.

The Department has been severely criticized by the House Government Operations Committee for its slow rate of progress in developing and installing required accounting systems, particularly for cost accounting, at all levels of program operations supported by funds for which the Department has responsibility.

The Department's earlier planning for accounting systems grossly underestimated what would be required, and did not include consideration of the development of any industrial type cost accounting systems for management use. We have now reevaluated our needs and established that with presently authorized staff it would take at least five additional years to complete the necessary work. The revised target date for initial completion of all accounting systems and procedures development and implementation is December 31, 1968, subject to immediately obtaining needed additional resources.

The increase over the 67 positions and \$957,000 requested will provide the necessary positions to perform essential accounting systems and procedures development and implementation functions as part of our program to establish by the specified target date required accounting systems, including and particularly cost accounting systems, at all levels throughout the Department and its constituent organizations.

We are requesting \$87,000 and 7 positions, of which 6 are professional, to initiate this program.

(d) Personnel operations

1967 (80 positions)-----	\$1,094,800
1968 (80 positions)-----	1,204,800

The role of the departmental personnel organization is to assist in the effective management of the Department by proper staffing of its program activities and by providing services that will result in improved employee performance. This includes responsibility for overall guidance, review and evaluation of bureau personnel operations to insure the decentralized personnel program is continuing to effectively support the Department's substantive programs. The constant demand for high-quality job candidates to man the Department's expanding activities is met by an intensive recruiting program for professional and clerical positions, including a positive recruitment program for contracting and placing qualified minority group candidates. Increased employee productivity is attained through job-related training designed to enhance individual capabilities and through a systematic program of employee utilization emphasizing improved placement and evaluation procedures. Assistance in the over-all management of the Department is provided through advisory services to supervisors, the maintenance of written performance requirements for all positions, and the establishment of personnel policies and standards which reflect the changing requirements of the Department's programs. This activity also covers a central personnel services function that provides Department-wide investigation services and furnishes the full range of personnel services to those organizations that are not large enough to efficiently maintain a personnel office of their own.

CIVIL SERVICE COMMISSION INTERAGENCY BOARD PROGRAM

The U.S. Civil Service Commission Interagency Board Program was approved by the President in his letter to the Civil Service Commission of November 27, 1965, and he directed the Commission to implement it at the earliest possible date.

The method of financing the program is authorized by 31 U.S.C. 691, and has been agreed to by the Director of the Bureau of the Budget. The approved budget for fiscal year 1968 is \$14,614,000, of which the Department of Labor's share under the cost-sharing formula is \$75,000. The Civil Service Commission has been advised by the Bureau of the Budget that this amount may be included in Department of Labor appropriations for fiscal year 1968.

Costs of the interagency boards were first charged to the agencies in fiscal year 1966. The Department of Labor's share of the costs for that year was \$2,900, which was paid from the appropriation to the Office of the Secretary. The network was subsequently expanded and in May 1966, we were notified by the Civil Service Commission that the Department's share of the cost for 1967 was \$49,800. Because of the larger amount of cost involved, the total cost was prorated to each of the Bureaus on the same formula as that used by the Civil Service Commission in determining the Department of Labor's share of the total costs. Each bureau is currently required to finance its share of the costs from available funds within appropriations which contained no provision for the costs.

It is proposed to finance the entire cost from the 1968 appropriation to the Office of the Secretary for the reason that the Civil Service Commission's formula for arriving at the Department's share of the costs is based upon total Departmental personnel accessions and employment. While costs could be distributed to the bureaus as in 1967, it appears that a budgetary increase would be more appropriate in the Office of the Secretary because of the varying advantages to be derived by the bureaus in terms of field vs. departmental personnel accessions and strength.

There is a net decrease of \$750 for non-recurring equipment needs for new positions in 1967.

(e) *Library*

1967 (35 positions)-----	\$344, 100
1968 (35 positions)-----	353, 700

The Department's single centralized library service maintains and makes available a specialized collection of research material in labor and related fields for use by the Department's staff and the public. This covers the full range of research library services; acquiring and cataloging new volumes; providing information and material in answer to requests; and issuing supplements and annotated bibliographies. The Library also approves all purchases of books, periodicals, newspapers and other publications for the Department.

(f) *Office of Program and Budget Review and Office of Organization and Management*

1967 (36 positions)-----	\$510, 900
1968 (44 positions)-----	615, 600

OFFICE OF PROGRAM AND BUDGET REVIEW

To assure that plans, requests and performance are (1) in accord with existing policy (or to recommend changes in policy where apparently needed) and (2) represent an acceptable Departmental balance, this office conducts an integrated, continuing review and analysis of all budgets and programs for the Department. Arising from these efforts is a flow of comprehensive information for the use of top staff concerning progress, accomplishments and problems of Departmental programs in meeting planned goals and budgeted objectives.

The information provided is necessary for top management to have an adequate basis for determining whether programs are dealing effectively with social, economic and administrative problems. This requires that internal program reviews be conducted and that detailed analyses be made under the Department's management system. As a result of these analyses, recommendations are made for improvements in programs and, as the Department undertakes additional program responsibilities, advice is given in establishing goals which will assist these new activities in effectively fulfilling their mission.

To insure that the budget function is operating effectively throughout the Department, this Office provides written instructions, technical assistance and training courses for the bureau budget staffs and other Department officials. It also effects the integration of budgetary procedures and objectives with the Department's management system to insure that they actively contribute to the Department's efforts in the areas of improved management effectiveness and cost reduction.

Changes for 1968

Mandatory changes amount-----	\$8, 300
Program changes (4 positions)-----	44, 000

The programs carried out by the Department of Labor are fluid and dynamic. Their makeup grow evermore complex. Thus the need for better and deeper

review and analysis of goals and achievements grows accordingly. If top management is to do its job properly in meeting the social and economic needs of the people while operating within the laws and policy by Congress and the objectives of the Executive branch, it must be constantly aided by competent staff review of where the Department stands and where it is going. This sort of effort can be achieved only at the Departmental level and only by personnel trained in the techniques of analysis and evaluation. To round out the Program and Budget Review staff at a level necessary to perform adequately these functions, additional staff of 4 (two professionals, 2 clericals) and \$44,000 are estimated to be required over the 19 positions and \$274,800 now available.

OFFICE OF ORGANIZATION AND MANAGEMENT

This Office is responsible for the review and improvement of the organization, management and cost reduction procedures of the Department. This involves the implementation of the Program Budget Management System which is designed to improve management control of the Department's entire program by forecasting workloads and resource requirements against which the effectiveness of program activities can be measured. Further management control is being achieved through the development and operation of a unified Department-wide automatic data processing program for use in the planning, budgeting and management processes. *Improved utilization of manpower, funds and other resources* is accomplished by special management surveys which pinpoint areas where better management procedures can be used or which identify low priority programs whose resources can be diverted to workloads of higher priority. This Office is also responsible for departmental paperwork management activities in the areas of reports, forms, and records management.

Changes for 1968

Mandatory changes amount.....	\$8,400
Program changes (4 positions).....	44,000

The Department has made tremendous management gains through its pioneering effort in the installation of the Program Budget Management System. To consolidate those gains and to realize the potential of the Program Budget Management System, a continuous analytical effort must be made to assure that the program measures which are the heart of the program structure are the best measures that can be developed. The program offices have the initial responsibility for developing such measures. However, to insure proper management control of the entire Program Budget Management System process there must be resources at the Departmental level, and in the Office of Organization and Management in particular, devoted to the review analysis and improvement of existing measures and development of new measures. This area is critical and there are no resources available to sustain the required effort.

During the period 1968-72, increased emphasis will be placed upon refinement and extension of the Program Budget Management System downwards within the various organizations of the Department both in headquarters organizations and in the field. In addition and importantly there will be direct emphasis on spreading the system to State Employment Security Agencies. These efforts will focus upon use of the Program Budget Management System's techniques and procedures as a means of improving program development, implementation and accomplishment.

Under development at the present time for the consultant firm of McKinsey and Company is a conceptual framework for a management information system tailored to the unique needs of the Department of Labor. Funds are required to begin operation of a management information center in 1968. The functions of the center will involve the development, assembly, and presentation of data relative to the various programs and client groups served by the Department. The data thus assembled will assist the decision-making process at the top management level of the Department.

An increase of 4 positions and \$44,000 are requested over the 17 positions and \$236,100 now available.

(g) Field Administration

1967 (19 positions).....	\$183,900
1968 (19 positions).....	189,300

The Field Administration provides administrative services to Regional Directors of all Bureaus in their respective regions.

The functions involved include: Recruitment for staffing of bureau positions; general orientation and training; advisory service on classification matters; employee counseling on improvement of skills and career development; and various other functions in the area of personnel administration.

Approve and process local procurement in accordance with internal bureau policies and procedures; maintain a comprehensive space procurement and management program; and provide centralized services of various administrative

Activity 4. Appeals from determination of Federal employee claims

1967:		
Amount	-----	\$138,000
Positions	-----	9
1968:		
Amount	-----	\$141,700
Positions	-----	9

NARRATIVE DESCRIPTION OF PROGRAM

The Employees' Compensation Appeals Board hears and decides appeals from decisions of the Bureau of Employees' Compensation and of the Governor of the Canal Zone in cases arising under the Federal Employees' Compensation Act. The jurisdiction includes, among several other special categories, all civil officers and employees of all branches of the Government of the United States, including the Canal Zone Government, Panama Canal Company and District of Columbia Government, except members of the Police and Fire Departments.

Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Pending cases, beginning of period	124	97	68	68
Appeals docketed	320	298	320	340
Cases closed	-347	-327	-320	-340
Pending cases, end of period	97	68	68	68
Cases in which hearings were held	69	66	70	70
Opinions rendered	284	267	270	285

Distribution of field staff

Supervising offices	1967			1968		
	Profes- sional	Clerical	Total	Profes- sional	Clerical	Total
Albany, N.Y.	1		1	1		1
Atlanta, Ga.	3	1	4	4	2	6
Boston, Mass.	3	1	4	4	2	6
Chambersburg, Pa.		1	1	1	2	3
Chicago, Ill.	5	3	8	6	4	10
Columbus, Ohio	1		1	1		1
Dallas, Tex.	1	2	3	2	3	5
Denver, Colo.	1		1	1		1
Des Moines, Iowa	1		1	1		1
Harrisburg, Pa.	1		1	1		1
Kansas City, Mo.	1	1	2	2	2	4
Nashville, Tenn.	1		1	1		1
New York City, N.Y.	4	3	7	5	4	9
Oklahoma City, Okla.	1		1	1		1
Olympia, Wash.	1		1	1		1
Richmond, Va.	1		1	1		1
Sacramento, Calif.	3		3	3		3
San Francisco, Calif.	4	4	8	4	4	8
Tallahassee, Fla.	1		1	1		1
Trenton, N.J.	1		1	1		1
Total, field staff	35	13	51	42	23	65

Summary of new positions

	Number	Grade	Amount
ACTIVITY 1. EXECUTIVE DIRECTION			
Field offices:			
Immediate office of the Secretary:			
Regional representatives.....	7	GS-15	\$122,850
Secretaries.....	7	GS-7	45,157
Total.....	14		168,007
Departmental staff:			
Office of the Under Secretary:			
Defense mobilization planning coordinator.....	1	GS-15	17,550
Defense mobilization manpower adviser.....	1	GS-14	15,106
Secretaries.....	2	GS-7	14,180
Secretary.....	1	GS-6	6,065
Secretary-stenographer.....	1	GS-5	5,331
Total.....	6		58,232
Office of Policy Planning and Research:			
Policy analysts.....	3	GS-15	52,650
Manpower research analyst.....	1	GS-14	15,106
Social science research analyst.....	1	GS-7	6,451
Secretary.....	1	GS-7	6,451
Clerk-typist.....	1	GS-4	4,776
Total.....	7		85,434
Total, activity 1.....	27		311,673
ACTIVITY 3. OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION			
Departmental staff:			
Systems accounting:			
Systems accountants.....	6	GS-13	77,238
Secretary-stenographer.....	1	GS-5	5,331
Total.....	7		82,569
Office of Program and Budget Review:			
Program analyst.....	1	GS-14	15,106
Do.....	1	GS-13	12,873
Secretary.....	1	GS-7	6,451
Secretary-stenographer.....	1	GS-5	5,331
Total.....	4		39,761
Office of Organization and Management:			
Management analysts.....	2	GS-13	25,746
Management analyst.....	1	GS-11	9,221
Secretary-stenographer.....	1	GS-5	5,331
Total.....	4		40,298
Total, activity 3.....	15		162,628
Grand total.....	42		474,301

Secretary WIRTZ. I have a statement on my office.

As far as the Office of the Secretary itself is concerned, may I again suggest that the full statement be inserted in the record.

Senator HILL. It will, and in full, in the record.

(The statement follows:)

Mr. Chairman, and Members of the Committee, so far as the budget items for the Office of the Secretary are concerned, probably only a little needs to be added to my opening statement—to provide a basis for whatever questions you may have.

The requested appropriation is \$5,484,000.

This is \$1,659,000 above the 1967 figure. The largest part of this increase (\$957,000) reflects the centralizing in the Office of the Secretary of certain auditing functions which have previously been in various offices. This part of the increase is offset by reductions in the comparable items in the budgets covering those other offices.

Other proposed changes add up to an increase of 36 positions, and \$702,000.

No changes (except for mandatory costs as noted below) are proposed so far as a number of units in the Office are concerned: the executive staff itself; the information, publications, and reports unit; the legislative affairs unit; the Employees Compensation Appeals Board; the personnel office; and the library. But I would welcome any questions you may have about these units.

These are the proposed changes:

1. I am requesting an appropriation to permit my establishing *Regional Representatives* in seven regional offices—in the pattern already tried, and I think proven sound, in the San Francisco office. Such representatives greatly facilitate the welding of the Department, at the critical level of field operations, into a cohesive, effective agency. This change would involve setting up 14 new positions, and a cost of \$175,000.

2. The *Policy Planning and Research* unit in the Office of the Secretary has been kept deliberately small (presently including ten people) because quite a bit of this kind of work is done in the various bureaus. But we have overdone this to the point of false economy, and I find myself crippled in trying to develop new ideas (and in checking and containing others) that don't fit into any established department pattern. The appropriation request here is for seven new positions, and \$87,000.

Most of the other requested changes are in the Office of the Assistant Secretary for Administration (OASA) which is part of Office of the Secretary. It is through OASA, headed up by Assistant Secretary Leo R. Werts, that the Department is "managed"—in a very broad sense of the term. It isn't just "house-keeping," but rather the establishing and maintaining of operational efficiency, and economy—but as a means, not an end in itself.

3. The change in organization of the *auditing* function has already been mentioned. We are probably doing too little auditing. We can do more, without an increase in personnel, by bringing the several auditing groups presently assigned to separate Department programs together. This involves a *shift* of 59 positions and \$860,000. (What is proposed here is what the Committee authorized two years ago for the Department of Health, Education and Welfare.)

4. We have been deficient, and slow—to the point of being criticized by the House Government Operations and the General Accounting Office—in setting up *program costs accounting systems*. Leaving this too much to the various bureaus has resulted in its being done inadequately or in some cases hardly at all. We still lack a number of accounting systems which are in fact required to accord with standards and criteria issued by the General Accounting Office.

The Department has made a commitment to the Bureau of the Budget, General Accounting Office and the interested committees in Congress that a series of industrial type cost accounting systems for all its programs will be developed and in effect by December 31, 1968.

Effective implementation of the Department's Management System and its eventual extension to all levels within the Department, including State agencies and major continuing projects financed by Federal funds made available through the Department of Labor make mandatory the early complete installation of an integrated financial accounting and reporting system.

The 1967 budget provides for consolidation of 8 positions in the accounting systems development staff, and for \$97,000. We are asking that this be increased by 7 positions and \$87,000.

5. The Department has been a pioneer, however, in the development of an *integrated Management System*, including procedures for appraising performance, effectiveness, and efficiency in both the planning of operational programs and in the achievement of established goals and objectives. This development work is done in the Office of Organization and Management (which is in the Office of Assistant Secretary for Administration).

A number of new programs have been added to the Department's responsibilities: We also propose to extend the integrated Management System to State Employment Service agencies so far as this is practicable. We are at the point where a management information system, including a management information center, can be set up to develop, assemble and distribute management information relative to the various programs administered by the Department.

We are requesting an additional four positions, and \$44,000 to develop further this integrated Management System program. (The 1967 appropriation is for 17 positions, and \$236,100.)

6. The Office of Program and Budget Review (also in the Office of the Assistant Secretary for Administration) is a staff facility that provides objective information and evaluation of program and budget performance and effectiveness for the use of Departmental officials responsible for policy development, program planning, and program operation. This Office is responsible for the continuous independent monitoring of program activities, the timely notification of appropriate officials of identified or incipient difficulties or shortfalls in program performance, the review and evaluation of program directors' quarterly progress reports with appropriate recommendations, and for supplying assistance in the planning, programming, budgeting and production scheduling processes.

As the integrated Management System has become more fully developed, and the number of Departmental programs has expanded, the need for these services—and for cost effectiveness analysis, work measurement, and program evaluation review—has also grown rapidly.

The 1967 appropriation for the Office of Program and Budget Review is \$274,800, providing for 19 positions. The requested appropriation for 1968 adds \$44,000 and four positions to this.

I have set out these last three items (accounting systems development; integrated management system development, and program review) in what may be confusing detail. The three items together involve requested increased appropriations totalling \$175,000 and 15 positions. The approval of these requests will result, in my judgment, in the repayment of this cost many times over in the better administration which they will permit.

7. We have been absorbing the Department's share of the costs of the Civil Service Commission Board of Examiners. This cost has increased materially over the past two years, and our general situation has become tighter and tighter. We are requesting \$75,000 to cover this item.

8. About \$115,000 is requested for pay increase costs, within-grade promotions and the cost of relocation expenses of transferred employees. This is partially offset by decreases of \$16,000 in non-recurring costs.

9. Funds for civil defense and defense mobilization functions previously financed by the Office of Emergency Planning, in the amount of \$91,000, are requested to be provided in this appropriation.

10. One thousand dollars (\$1,000) is requested to provide the Department of Labor's share of the costs of the Conference on Developing Institutions to acquaint college officials with Federal programs designed to provide financial support to educational institutions.

Mr. Chairman, that concludes my statement. I shall be happy to answer any questions you might have.

CENTRALIZING OF AUDITING FUNCTIONS AND ACCOUNTING SYSTEMS

Secretary WIRTZ. Summarizing it, it covers a requested appropriation of \$5,484,000, \$1,659,000 above the 1967 figure. Most of that, Mr. Chairman and members of the committee, specifically \$957,000 of it reflects the centralizing in my office of certain auditing functions and accounting systems which have previously been in various other offices.

We know that there is a good deal more to be done as far as the auditing of our program is concerned and as far as the development of accounting systems is concerned.

What we have done in an attempt to meet this problem without undue enlargement of the staff is to pull these various auditing and accounting systems functions together and so this \$957,000 covers items covering people and funds which are shifted from other offices and there are comparable reductions in the budgets of the other offices.

INCREASE IN POSITIONS

Beyond that change, there is a proposal here for an increase of 42 positions and a cost increase of \$702,000. The principal items involved here, Mr. Chairman and members of the committee, are two: The first of them involves my proposed extension of a program which

we have been trying out for 2 years now as far as a regional representative is concerned.

REGIONAL REPRESENTATIVE IN SAN FRANCISCO

You authorized a regional representative in the San Francisco office. I can only say that that has been in my judgment a complete success. The particular necessity for having a regional representative of the Secretary's Office in the regional offices is this very rapid development of a manpower program which includes the administration not only of funds which are given to us directly but those appropriated to OEO and which we operate on a delegated authority.

We have to do all we can to meet this legitimate public protest that they don't know where to come in connection with various programs of one kind or another, and so in one way or another I have very much respected the value and competence of our units to bring those together in a way which will not be destructive, and that has been a problem which we have recognized but will have the advantage of presenting a single point of approach as far as the public is concerned and a coordinating function as far as we are concerned.

ADDITIONAL REGIONAL REPRESENTATIVES REQUESTED

So I am asking that similar regional representatives be established in seven of the regional offices. I am also asking that the policy planning and research unit in my office be expanded. There are presently 10 people there.

I am asking that it be increased by seven with an additional appropriation of \$87,000. It is very hard for me to say to you how many people I need in connection with a function which is quite personal.

RESEARCH AND DEVELOPMENTAL UNITS

There are in the Department extensive research and developmental units. There do come up matters of one kind or another with respect to which it is very important for me to have a group in my immediate office available to at least start along a line which can then be turned over to the other units. That is a qualitative judgment, one I should be glad to speak to in terms of detailed experience and one which I think should be enlarged.

ASSISTANT SECRETARY FOR ADMINISTRATION

The third significant element here is that we are talking about 15 people in three different parts of Mr. Leo Werts' office as Assistant Secretary for Administration.

We can go into a great amount of detail on this but what it amounts to is that we are trying very hard to put these programs on a more professional administrative basis. I mean for example the development of accounting systems. We are frankly in bad shape with the General Accounting Office and some of the committees of the Congress because they feel we have not developed our accounting systems as well as we should.

Frankly, it is hard in a department where the programs are human development programs, much harder than in departments where there

is primarily a large-scale procurement program. We are trying to move ahead on the accounting system.

I am actually satisfied despite the difficulties that this has meant that we have found in the administration of the Department of Labor a wide area of activity which we can put on a more orderly basis.

As a lawyer, in my background I suppose I have resisted the imposition of this kind of accounting system. I have come reluctantly to the conclusion that this more formal situation of these accounting systems is imperative as the best way of administering this department.

Senator HILL. Are these new employees going into this work of what we might term financial auditing?

COST ACCOUNTING SYSTEM

Secretary WIRTZ. That is right. It is the development of a coding system for our various units around the Department. It is the auditing function, and what we call the cost accounting system. We are frankly, and the record shows it, not in line with the requirements of that law passed 15 years ago that requires us to have accounting systems approved by the General Accounting Office. So that seven of the positions are for that.

PROGRAM IN BUDGET REVIEWS

Then as far as the program budget reviews are concerned there are I think four positions there, four additional positions there, and then there are four more for the management information system for a total of 15 in those three different units, but they all have to do with the efficiency program.

TOTAL ADDITIONAL POSITIONS

Senator HILL. The budget gives you 27 additional new positions; is that correct?

Secretary WIRTZ. Let's see that figure. My total is 14 for the regional representatives, seven professional, and seven clerical. There are seven for the policy planning and research unit. It is 15 for these three to which I have referred in connection with the administrative management.

And I believe that is the total.

Senator HILL. That gives you 42.

Secretary WIRTZ. No; 36.

Senator HILL. But you are requesting 42.

CIVIL DEFENSE AND DEFENSE MOBILIZATION FUNCTIONS

Secretary WIRTZ. This is the civil defense and defense mobilization functions which have previously been financed by the Office of Emergency Planning and which we are now required to handle.

Senator HILL. You are now required instead of OEP.

Secretary WIRTZ. Yes. That is the difference there. There are two or three other small items. We have been absorbing the expenses in connection with the examinations pursuant to the Civil Service Commission Board of Examiners. We have been absorbing that.

We are asking that that be covered. This does not include increased people. The only increases in personnel are the ones I mentioned. It is an additional item to cover the cost which we are absorbing in connection with the examination and there is also a thousand-dollar share of the cost on developing institutions but those are the 42 people.

VACANCIES

Senator HILL. Do you have any vacancies in positions now?

Secretary WIRTZ. I have one or two in my immediate office and how many there are in the administrative management office, I would have to check.

Mr. HUDSON. There were nine at the end of December.

Secretary WIRTZ. Which I suggest, Mr. Chairman, is about what we would have to expect as part of the turnover in that size unit.

Senator HILL. You would have that much turnover normally, wouldn't you?

Secretary WIRTZ. That is correct.

POSITIONS FOR CIVIL DEFENSE

Senator HILL. You do take in some civil defense functions?

Secretary WIRTZ. That is correct.

Senator HILL. Six positions?

Secretary WIRTZ. That is the difference between my 36 and 42.

Senator HILL. Six positions for civil defense. How is that program moving?

Secretary WIRTZ. I think quite well. It is a hard thing to measure in terms of results because it is planning for something that we hope won't happen.

Senator HILL. When you read about these nuclear bombs, particularly this hydrogen bomb, it is important.

Secretary WIRTZ. It is a very hard thing to assess. I didn't mean by the candor of my answer to suggest any less feeling than I have. I think it is an essential admirable function, one that we have to carry on.

When you are working on something that you hope won't happen, it is hard to measure the effectiveness.

Senator HILL. I wonder how effective the program is.

Secretary WIRTZ. My concern is, I guess, administratively on the other side. I don't think it is going to happen. I am assured that it isn't going to happen but I know I am not entitled to disregard the possibility of its happening. We have developed plans which would cover the possibilities.

They are so grim that it is very hard to review them unemotionally. But I think we have to take that much precaution against those even very long odds.

Senator HILL. I think we have to do the best we can.

Secretary WIRTZ. Yes, sir.

Senator HILL. Senator Bartlett.

Senator BARTLETT. Mr. Secretary, you said you had come with reluctance to the conclusion that this new auditing system should be installed. I will ask you a personal question with no requirement that you answer.

Do you keep stubs on your personal bank account?

Secretary WIRTZ. On my personal account, yes, sir.

Senator BARTLETT. You are better than I.

Secretary WIRTZ. To correct that answer, not facetiously. I did until 6 years ago and my wife has since.

Senator BARTLETT. That is the best answer.

Secretary WIRTZ. If you want to press it further, I have not done that adding up and checked it with the banks since I came to this town, but we keep the stubs.

Senator HILL. Are there any further questions, Senator?

Senator BARTLETT. No.

Senator HILL. Have you any further statement you would like to make, Mr. Secretary?

MANPOWER ADMINISTRATION

Secretary WIRTZ. This would be the general statement on the manpower programs which I wish may be put in in its present form and I can cover it in just a moment.

Senator HILL. We will have it appear in full in the record.

(The statement follows.)

GENERAL STATEMENT ON MANPOWER PROGRAMS

Mr. Chairman and members of the Committee, I am pleased to have this opportunity to discuss these particular budgets in relation to all of the responsibilities of the Manpower Administration.

The manpower programs of the Department are administered through the Manpower Administration. They are concerned with the development and training of the Nation's manpower, the utilization and distribution of manpower resources and the creation and development of jobs and employment opportunities. The Manpower Administration is responsible for the administration of several manpower programs authorized under the Economic Opportunity Act—the Neighborhood Youth Corps Program, the Community Betterment (Nelson) Program, the New Careers (Scheuer) Program and the Special Impact (Kennedy-Javits) Program—that are not funded directly through the Department of Labor appropriations. The appropriation estimates for manpower programs under the Economic Opportunity Act, which represent approximately 35 per cent of the total funds requested for the Manpower Administration for Fiscal Year 1968, will be heard by the Committee later in the year.

The manpower programs for which appropriations are made directly to the Department are funded under six appropriations, all of which will be reviewed during these hearings. The appropriate officials will present each item.

We are finding increasingly as we deal with the manpower problems of this country that solutions in terms of meaningful jobs for workers and an adequate and skilled workforce for the nation's employers require many different but yet closely related approaches. Through the Grants-to-States appropriation for Unemployment Compensation and Employment Service Administration, for example, we finance the payment of unemployment compensation benefits to unemployed workers. Many of these workers require new or improved occupational skills that aid them in finding new jobs. The various MDTA programs offer this opportunity to move off the unemployment compensation rolls into a training program and on to employment.

The Employment Security program is at the same time promoting and developing new job opportunities into which unemployed workers and trainees who complete their training program can be referred and placed. But this doesn't happen in a vacuum. Along the way the Employment Security program also provides for an extensive and impressive array of employment services, such as the identification, outreach, counseling, testing, etc. of individuals to determine the kinds of training, employment experience and services which they require in order to make them once more productive workers in the labor force. Many adult workers, particularly the unskilled and disadvantaged, have had so tenuous attach-

ment to the workforce over the years that we are finding it necessary to get out to them and draw them in to take advantage of the services and training that are available. The same is true for young workers just entering the workforce, too many of whom have dropped out of school and are ill-prepared for today's jobs. We are trying hard to get these young people to see the worth of returning to school, even part-time while they work, if that is all they can manage.

As we approach Fiscal Year 1968, we find that serious manpower problems remain in spite of the lowest level of unemployment in 11 years. The projected unemployment rate for FY 1968 is approximately 3.5 per cent, but even at this rate we will have almost 3 million persons unemployed. Approximately 40 per cent of these will be young people under the age of 25. Another 25 per cent are estimated to be older workers over the age of 45. Even though the overall unemployment rate has gone down, minority unemployment is twice and youth unemployment is three times the overall rate. Sixteen per cent of the total unemployed have less than an eighth grade education and 25 per cent of the unemployed are 45 years of age and older.

Major emphasis in our manpower programs in 1968 will be on reaching and servicing these disadvantaged workers. Increased emphasis on a person-to-person approach will be required to help these individuals become productive members of the workforce. The Employment Security program will play an increasingly important role in the manpower programs during 1968 in designing the services, identifying the training needs and opening up job opportunities.

Another serious manpower problem facing the Nation in 1968 is the increasing shortages in certain skills and occupations. We will continue to try to ease this problem through the apprenticeship training programs and the MDTA training programs, particularly the on-the-job training programs, not only to upgrade skill levels but also to develop more apprenticeship opportunities.

In Fiscal Year 1968 the youth and adult work training programs, authorized and funded by the Economic Opportunity Act, will provide actual work-experience for the very low-income unemployed. A great many of these people will require special supportive services including corrective health services, basic education and specific occupational training to enable them eventually to take their places in the regular workforce. Some of the required services can be provided through the work-training programs themselves, but as individuals are ready for specific occupational training, often accompanied by basic education, they will move into the MDTA programs. One basic point comes through. Regardless of the number, the specific needs of each individual vary. The whole approach has to be person-oriented. We have to be able, through counseling and testing and continuing contact with these people to identify the kinds of services and programs that will prepare them for meaningful work, and then help them obtain what they as individuals require.

In the five years since the Manpower Development and Training Act was first passed in March 1962, both tools and resources have been brought to bear on this country's manpower problems. Three times the MDTA Act has been amended; twice the Economic Opportunity Act has been amended. The legislative amendments have recognized the need to inter-mesh the programs and to provide for tying together services for people across program lines.

The Manpower Administration, working with the legislation and the appropriations provided by the Congress, is in its day-to-day actions meshing and inter-relating the individual programs as part of a whole National active manpower policy aimed at equipping each individual, according to his particular needs, to become a permanent and effective part of the Nation's Workforce.

ACTIVITIES UNDER MANPOWER ADMINISTRATION

Secretary WIRTZ. This is the opening statement on the manpower programs. The Manpower Administration includes these units, the Bureau of Employment Security and under that the Unemployment Insurance Service, the Employment Service, the Farm Labor Service, the Veterans Employment Service and it also includes the Bureau of Apprenticeship and Training.

It also includes what has been the Neighborhood Youth Corps which administers the delegated functions from OEO and we are just now shifting to the Bureau of Work programs which will in-

clude Neighborhood Youth Corps and also the community betterment, the new careers, the special impact, the Kennedy-Javits program.

All of those are part of the Manpower Administration. Those will be described as far as the Department of Labor programs are concerned by the subsequent witnesses. You will come to the other part only in connection with the antipoverty program because we didn't come in on the budget with that.

UNEMPLOYMENT

My statement here covers another part which has already been referred to, this very important emphasis on the difference between this remaining unemployment and the unemployment with which we have dealt in previous years.

The short of that is that the expanding economy has taken care of about as much of the unemployment as we can expect it to take care of and leaves out in our best estimates about a million and a half people whom we have to approach on a much more difficult basis so that we are beaming our program in that way. But that I think is enough summary because all of this will be covered by other witnesses.

Senator HILL. By following witnesses, you mean whom?

CIVIL RIGHTS COMPLIANCE PROGRAM

Secretary WIRTZ. The one other part to which Mr. Ruttenberg was going to refer and which I can cover here has to do with the civil rights compliance program under title VI which is another statement here and I didn't want to clutter up the record but if it helps it I can cover that at this time too.

Senator HILL. All right, sir.

(The statement follows:)

Mr. Chairman and members of the Committee, I am pleased to appear before you today to discuss the Department of Labor's 1968 appropriation request to operate a Civil Rights Act Program Compliance activity. The Department is requesting 38 positions and \$592,000 in 1968 to provide the staff resources for this program. This is an increase of 11 positions and \$178,000 over the 1967 appropriation.

Title VI of the Civil Rights Act of 1964 (Public Law 88-352) provides in Section 601 that "no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." Section 602 of the Act authorizes and directs each Federal department or agency which is empowered to extend Federal financial assistance to any program or activity to "issue rules, regulations, or orders" that will effectuate the provisions of Section 601.

Mr. Chairman, Title VI is not simply a statement announcing that discrimination in Federally financed programs is forbidden. It directs each Federal agency to take direct and positive action to see that the programs to which it provides funds are in fact in compliance with the law.

To this end, the Department of Labor has established a unit in the Office of the Secretary and responsible to the Assistant Secretary for Manpower to direct a program to investigate complaints of discrimination received by any component of the Department of Labor; to insure that each operating bureau requires all recipients of Federal funds through the Department of Labor to file complete and accurate assurance and compliance reports; to supply information and technical assistance in the implementation of Department of Labor guidelines and regula-

tions regarding the Act; and to direct and operate a planned on-site investigation of programs to assure that recipients of Federal funds through the Department of Labor are in fact in compliance with the Act.

In 1967, funds for 22 professional and 5 clerical positions were authorized by Congress to implement the Department's Civil Rights Act Compliance Program in 50 States and 4 Territories. This included 6 positions, 5 professional and 1 clerical, for the Office of the Solicitor. This staff is called upon to operate a compliance program as directed both by the Act and generally and specifically implemented by the Department's Nondiscrimination in Federally Assisted Programs Regulations (29 CFR Part 31) in (1) Employment Service and Unemployment Insurance Compensation Programs, involving 50 State agencies and 4 Territorial agencies and including in excess of 2,000 separate physically functioning full-time employment service offices and an additional 2,000 separate functioning part-time itinerant stations; (2) On-the-Job Training programs of the Bureau of Apprenticeship and Training under the Manpower Development and Training Act, which currently include approximately 3,000 separate contractual programs; (3) over 300 contracts for research, demonstration and experimentation entered into by the Office of Manpower Policy, Evaluation and Research under the Manpower Development and Training Act program. In addition this staff has been given the additional responsibility to eliminate discrimination in regular Apprenticeship Programs, estimated to be in excess of 46,000 functioning programs throughout the United States that are covered by or subject to Departmental Apprenticeship Programs (29 CFR Part 30).

Based on the increasing rate of complaints of discrimination in its programs received by the Department of Labor since 1964, it is estimated that approximately 600 such allegations will be received by the Department in 1967. Each complaint is reviewed and analyzed and a decision made as to whether the complaint falls under the jurisdiction of the Department of Labor, and referral made as appropriate (i.e., Equal Employment Opportunity Commission; Health, Education, and Welfare; Housing and Urban Development; Department of Defense, etc.) for action. Even if a complaint is determined not to involve a Department of Labor program, staff time must still be spent in making this determination.

The terms "complaint investigation" and "compliance review" are not synonymous. These activities are conducted simultaneously in every case where there is a complaint involved, since the immediate causes of a complaint are often symptomatic of larger areas of discrimination in a program. In addition, as required by the Justice Department, a positive, not merely a reactive, responsibility makes a program of systematic compliance reviews mandatory.

Based upon the staff provided for in the appropriation for FY 1967, it is estimated that 400 joint complaint investigation-compliance reviews can be conducted and 200 separate compliance reviews made in 1967. Even this projected accomplishment will allow for an investigation of a minimal 6 percent of all recipients of Federal funds from the Department of Labor. Since the Department has found discriminatory practices to exist in 75 to 80 percent of all programs investigated, this can be interpreted to mean that a significant number of programs receiving Federal funds are in undiscovered noncompliance with the Civil Rights Act and the Department's Regulations.

In 1968 additional staff resources must be provided. The Department is requesting an additional 11 positions, including 5 positions in the Office of the Solicitor, and \$178,000 over the 1967 appropriation. With these increased staff resources, it is estimated that 560 complaint investigations and 340 compliance reviews can be completed. While this will not allow in 1968 for on-site reviews of all of the estimated 10,000 separate recipients of Federal funds from the Department of Labor, it will allow the Department to investigate the primary programs in every State.

The Federal Government has committed itself to a policy which provides for an equal opportunity to all Americans to participate, and receive benefits from, its many programs. The commitment must be afforded the necessary program resources to make it a reality.

This concludes my statement, Mr. Chairman. I shall be happy to answer any questions.

ADDITIONAL POSITIONS FOR CIVIL RIGHTS ACTIVITIES

Secretary WIRTZ. It has to do with administration of title VI of the Civil Rights Act of 1964. The figures are these. We are requesting 38 positions, \$592,000 in 1968, to provide the staff resources

for this program, that is an increase of 11 positions and \$178,000 over the 1967 appropriation.

Again, if I may have this statement included in the record, my summary can be short. In connection with the administration of the employment service program and these various work-training programs we do encounter situations where in the administration of those programs at the State level, we receive complaints about violations of the Civil Rights Act.

INCREASE IN COMPLAINTS

This has become a program which I think is moving with more and more efficiency. The number of complaints, I am sorry to say, is increasing rather than diminishing.

We are finding a number of cases in which we must move out from the particular complaint to look at the affairs of a whole office. I don't mean to suggest to you that we are encountering opposition in connection with the acceptance of the Civil Rights Act program.

I don't think we are, Mr. Chairman. I think we are encountering, on the other hand, acceptance of it. We are running into problems of implementation which do have to be taken up under the act in connection with the administration of title VI of that act, and I know we are running pretty badly behind now.

The evidence is that we will have to anticipate at least 600 such complaints in fiscal 1968 on the basis of present experience with 506, to be specific, and we will have to make something over 300 compliance reviews.

What I am trying to convey here, which is spelled out in more detail in the written statement, is the situation in which this is not easy, but I don't mean to suggest that I think there is strong or increasing antagonism. I think there is less problem here but it is a situation which requires careful, competent, high-grade administration, negotiation, persuasion, discussion.

And so there is the request for that increase there.

REDUCTION IN 1967 REQUEST

Senator HILL. As I recall, the House reduced your request for these activities for the present fiscal year?

Secretary WIRTZ. They did for the current year.

Senator HILL. The Senate concurred with the House action?

Secretary WIRTZ. That is right.

Senator HILL. Did that impose any particular hardships on you so far as operating the program is concerned?

Secretary WIRTZ. I think we are running behind on that. This again is a hard thing to measure. It has to do with the quality of the help which we are able to bring to a very sensitive relationship.

CASE IN GEORGIA

I would mention specifically one situation which I wish had not developed. It has to do with the administration of this program in the State of Georgia. The case came up there, a case which has caused

real complications. I found that it was the Equal Employment Opportunity Commission which was moving into that situation.

I didn't think it should be that group, Mr. Chairman. I thought that we ought to be working out our relationships with the State employment service. This thing had gotten pretty far and as it presently stands, it is at a fairly advanced stage involving a complaint filed with the Equal Employment Opportunity Commission by an individual complaining about discriminatory action on the part of our State employment service.

I think if we had had a larger operating unit here we would have been into that situation before it came on in this fairly unfortunate form so that we are not doing the whole job and I think the answer to your question has to be yes that I do feel that the curtailment of that appropriation last year has resulted in less efficient administration of this program than I would like to see.

Senator HILL. Senator Bartlett, do you have any questions?

Senator BARTLETT. I have no questions.

Senator HILL. Is there anything that you would like to add, Mr. Secretary?

DEATH OF JOSEPH GOLDBERG

Secretary WIRTZ. No, Mr. Chairman. I think it probably appropriate to note in this record the regret of every member of the Department of Labor about the death yesterday of Joseph Goldberg, whose work covered both the Hill and the Department.

We are leaving now to go to his funeral and this will be my only opportunity to put on this record if that is all right with you a special, now to late, appreciation for the work that this fellow did in connection with the administration of the programs of the Department and the work of the Congress.

Senator HILL. I didn't see his death notice in the paper this morning. Maybe I was moving too fast.

Secretary WIRTZ. He died Saturday.

Senator HILL. Mr. Downey advises me that it was in the paper this morning but I guess I was trying so hard to get here to be sure to be on time for you, Mr. Secretary, that I missed it. I am sorry to hear it. I certainly am sorry to hear it.

Secretary WIRTZ. I have nothing else.

Senator HILL. The services, I believe, will be at 12:30. We certainly want to thank you, sir, for your testimony here this morning. You always make a fine presentation and we appreciate the fact deeply.

Secretary WIRTZ. Thank you, sir.

Senator HILL. In that connection, I believe Mr. Harold Russell is going to have to leave town. We will hear him and after we have heard him I think, Senator Bartlett, we will recess for the day.

Others here may wish to go to the funeral services so they will be excused. We will meet here in the morning at 10 o'clock.

Again I want to thank you, Mr. Secretary. I appreciate your testimony. Thank you very, very much.

THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED
STATEMENTS OF HAROLD RUSSELL, CHAIRMAN; WILLIAM P.
McCAHILL, EXECUTIVE SECRETARY; AND BERNARD POSNER,
DEPUTY EXECUTIVE SECRETARY

PREPARED STATEMENT

Mr. RUSSELL. I might say for the record I have Mr. William McCahill, our Executive Secretary, and Mr. Bernard Posner, our Deputy Executive Secretary.

I have a long 11-page statement and in the interest of time I will condense it.

Senator HILL. We will have the statement appear in full in the record and you may condense it as you see fit.

Mr. RUSSELL. Thank you very much.

(The information follows:)

Mr. Chairman and Members of the Committee, the President's Committee has compiled a proud record of achievement over 20 years: the changing of public attitudes about the capabilities of the handicapped, the promotion of jobs for the mentally retarded and mentally restored, the efforts to eliminate architectural barriers against the handicapped, the mobilization of community forces in behalf of opportunity for the handicapped, and many more.

Last year, many voices were raised urging that the President's Committee be permitted to do far more than at present. The Task Force on Poverty of the United States Chamber of Commerce, the National Rehabilitation Association, the National Society for Crippled Children and Adults, members of Congress and others have stressed the need for stepped-up Committee action to keep pace with stepped-up national programs of rehabilitation of the handicapped.

The Vocational Rehabilitation Administration has received authorization and funds to expand its services tremendously. The Department of Labor's Manpower Development and Training Program is serving growing numbers of the handicapped. The Veterans Administration is moving forward to rehabilitate disabled veterans of the Viet Nam war.

On all fronts, the handicapped are being prepared for employment. The question is, how well can the President's Committee's promotional efforts for jobs match these forward thrusts in training, rehabilitation, and medical advances. We shall do the best we can with the tools at hand.

As the Volunteer Chairman of the President's Committee, I have pointed out that a ceiling on Committee appropriations stands in the way of much necessary expansion.

I have requested to the President that this ceiling be removed, so that the Committee can ask the Congress for funds on the basis of national needs and can develop sound long-range plans. Three times in the last five years Congress has favorably considered legislation to raise the Committee ceiling. One result of such legislative action has been the spectacular promotional progress made in behalf of the mentally retarded and mentally restored. But, Congressional action is time-consuming and we are fast approaching our present \$500,000 ceiling.

Representative Shriver has written us that he believed our publication or "promotion" costs "should be much greater in connection with what you are doing." Since we are not able at this time to increase our publication costs to better serve the needs of the handicapped people of America, an Ad Hoc Committee of the President's Committee, made up of leading authorities in the

graphic arts, will assess the Committee's publications program to determine its effectiveness, and to suggest possible priorities.

FY 1966 saw an intensification in national efforts to provide jobs for the mentally retarded, with the President's Committee spearheading many of those efforts. Among them: a U.S. Department of Labor grant to the Institute of Industrial Launderers to train and hire 1,000 retarded workers in its 500 laundry plants; another Labor grant to the National Association for Retarded Children to train and hire 1,500 retardates in retail chain stores; a three-year campaign promoting jobs for the retarded by the National Association for Retarded Children; an Employer of the Year awards program sponsored jointly by the National Association for Retarded Children and the President's Committee; a new film on employment of the retarded, available to this Committee at any time; a Federal employment program which has resulted in more than 2,500 retardates being provided the opportunity to work for their government; similar programs for the retarded in half-a-dozen State merit systems; employers' conferences on employment of the retarded conducted by the President's Committee and universities. In all, we have seen a veritable revolution of opportunity occurring for the mentally retarded. We are proud that the President's Committee has been in the vanguard.

In the field of the mentally restored, the Committee has encouraged mental hospitals and treatment centers to develop closer relationships with employers in their communities, through Employer Committees, special visits for employers and mental health seminars for businessmen. Also, the Committee has published a Guide to Job Placement of the Mentally Restored, first of its kind, which has been in great demand all over the world.

Project Earning Power, (PEP), developed by the Women's Committee of the President's Committee in cooperation with the National Society for Crippled Children and Adults, is concerned with upgrading the design, quality and sales appeal of products produced by the seriously handicapped, either in sheltered workshops or at home. The Nation's top designers are taking part in this enterprise, now being tested in three major markets, under grants from the Vocational Rehabilitation Administration and the Department of Labor. This Project could be a major contribution to the new Vocational Rehabilitation Administration workshop effort.

The Committee has intensified its efforts to develop greater mobility for the handicapped. So far, 26 States have enacted laws prohibiting architectural barriers against the handicapped in all buildings constructed with State funds; major drive-it-yourself firms have equipped their cars with hand controls for the handicapped; the airlines have eased their restrictions on travel by the handicapped; we have formed an Ad Hoc Transportation Committee to make further gains in mobility for the handicapped, particularly in areas of fast trains, new subways, etc. The ramp around the J. F. Kennedy grave is a direct result of Committee effort as is a planned Statewide Architectural Barriers conference in Alaska and a recently successful one in Hawaii which I had the honor to attend.

Both business and labor have stepped up their activities in behalf of the handicapped at our request. A dozen of the nation's leading businesses joined forces to publish a forceful booklet describing the experiences of business and industry in hiring the handicapped. The AFL-CIO published an excellent pamphlet, "Key to Jobs for the Handicapped," aimed at developing acceptance of the handicapped on the job. The National Association of Manufacturers issued a policy guide for employers. Copies of these materials are in the hands of the members of this Sub-Committee.

Two new Standing Committees got underway during the year: an Education Committee, with the purpose of encouraging greater national opportunities for handicapped school teachers, and an Agricultural Committee, designed to promote the cause of the handicapped on farms and in rural areas. A program of community involvement in services to handicapped homemakers was launched with national women's organizations.

The first master list of all sheltered workshops in the nation on addressograph plates was prepared by the President's Committee, both to keep workshops informed of Government training, and prime, and subcontracting opportunities, and, to improve exchange of information between workshops. This was a cooperative effort with NASWHP and the U.S. Department of Labor.

In cooperation with the Department of Defense, a directory (of over 200 sheltered workshops) was prepared and distributed. It was sent to every De-

fense procurement officer in the nation, as well as large prime contractors. The Directory is designed to help qualified sheltered workshops obtain new, prime, and subcontracting business.

And, of course, the usual President's Committee efforts went on: cooperating with Governors' Committees; conducting mass media promotions; sponsoring employers' conferences; cooperating with labor, women, veterans and international organizations, etc.

As outlined in the FY 1967 Budget Statement and Narrative Description, one major program emphasis will be to strengthen local Committees on Employment of the Handicapped throughout the United States. These local Committees are the front-line troops of efforts to expand opportunities for the handicapped. Surveys have indicated that where effective local Committees exist, job placements of the handicapped have increased dramatically.

To help carry out this objective with no increase in staff cost, a change in staff responsibilities was placed in effect in January, 1967. In the past, five staff members had been visiting the Nation's 53 Governors' Committees to advise, to counsel, and to help in organization of local Committees. Each staff member has covered from 10 to 11 States. During 1967 and beyond, eight staff members will have six or seven States to cover—allowing for (a) more intensive counseling and (b) more time for their major responsibilities here in D.C.—since working with the States is in the nature of an "additional duty" for staff members other than the field operations unit, which has prime responsibility for developing cooperative relationships with the States.

States to be visited by the staff are those which need Committee counseling, advice and encouragement most of all—based on assessments by members of the staff who have traveled extensively throughout the country during the past two or three years.

Another major program emphasis will be a special nationwide "push" for job opportunities for those handicapped persons who need assistance the most—men and women with serious physical and mental disabilities who still suffer from bias and discrimination in their search for jobs: epileptics, the cerebral palsied, those with multiple sclerosis, heart cases, the blind, deaf, those with multiple disabilities, and others.

The initial step was a meeting on November 15, 1966 with officials of more than a dozen national health agencies, to explore with them the means of placing greater stress on employment opportunities for the seriously handicapped. This meeting may well prove a preliminary to a National Conference on Rehabilitation. More immediately, it provided the President's Committee with a blueprint for action in the field of major disability groups working closely with the National Health Council. We envision a long-range project of intensified effort—perhaps a five-year dynamic program similar to our special activities in behalf of the mentally restored and mentally retarded.

A third new program emphasis for calendar 1967 and beyond will be the enlistment of major trade associations in projects promoting jobs for the handicapped among their members. This would be an activity similar to the Institute of Industrial Laundry's current program of hiring 1,000 mentally retarded workers in its 500-member plants throughout the country. Components of the trade association project would hopefully include a drive for formal, written policy statements by employers favoring jobs for the handicapped, employer conferences or clinics; and special demonstration projects by employers.

In the projects with health agencies and trade associations, plans will be coordinated at State and local levels to provide for actual participation by Governors' and local Committees on Employment of the Handicapped.

Still another area of interest will be that of workmen's compensation. It is being reviewed by our Employer, Labor and Workmen's Compensation Standing Committees to determine the proper role, if any, of the President's Committee in this field. Recent Congressional interest by the Subcommittee on Reorganization of the Senate Committee on Government Operations and by our own Congressional Appropriations Sub-Committee indicate that workmen's compensation may be in need of increased Committee attention.

A Rural Areas Subcommittee is working on a Reference Guide related to services and facilities for handicapped in rural areas. This is primarily for use by Department of Agriculture Extension Agents, but will be compiled so as to have general use and application.

The Education Subcommittee has initiated, with the National Education Association, a proposal for research studies of training and employment oppor-

tunities for the handicapped in the field of education. Funding is being requested from VRA. In addition, the member associations of NEA are being contacted relative to adoption of prepared resolutions supporting training and employment of the handicapped. Many such resolutions have already received favorable action at educational conventions.

The Veterans Employment Service has aided us in publishing a new Guide to National Parks and Monuments for Handicapped Tourists, which President Johnson has praised as the first of its kind.

Minnesota Mining and Manufacturing Company has developed a Community Business Service Associates plan, which has already afforded self-employment to physically handicapped in about 12 States and which the Committee on Disabled Veterans sees eventually involving the veterans' organizations in all States. A new 16mm 30-minute documentary, produced by TV's STATUS 6 and now being seen nationally, will be available to veterans' posts and chapters in connection with CBSA as a local opportunity to assist disabled veterans to become self-supporting businessmen. CBSA involves the President's Committee, the VA, VRA, State Vocational Rehabilitation Agencies, and Minnesota Mining in this effort at the community level.

Spokesmen for the veterans' organizations have indicated to us that the war on poverty is diverting staff, time, money and public attention from the disabled veteran and the handicapped and focusing it on youth, education, juvenile delinquency, etc. We are reviewing this situation so that the disabled veteran and handicapped civilian receive all available services.

Several prominent cartoonists of America have stepped up their support for employment of the handicapped. Following meetings in Washington, Chairman Allen Saunders (Mary Worth) made a mailing to each of the famed cartoonists comprising his Committee. This has brought forth another "hire disabled veteran" cartoon starring "Beetle Bailey." Likewise, a mailing by the Advertising Council of a cartoon piece to 3,000 magazine editors featured hire-the-handicapped art messages by Al Capp, Mort Walker, and Milton Caniff. The Wisconsin Governor's Committee has supplied some of these cartoon messages to dairies for hire-the-handicapped messages on milk cartons.

Our staff is working closely with the National Institutes on Rehabilitation and Health Services on several statewide labor meetings already held in three mid-west states and on two more to come, in Maine and Vermont.

Additionally, we shall maintain and increase the emphasis on programs in which we have been engaged for many years. We intend to progress beyond the planning states of the new Agriculture and Education Committees, and to move into phase two of Project Earning Power in cooperation with Labor and VRA, as one of our major contributions to the sheltered workshop movement. We will follow up on the emphasis upon the vocational aspects of rehabilitation resulting from the 10th World Congress of the International Society for the Rehabilitation of the Disabled last Fall and ILO's increased activity in this field, which was stimulated in part by this Committee.

The major thrusts for FY 1968 will be in the areas of educational and promotional activity of the President's Committee. Included will be intensification of the three major projects of FY 1967, as they move further along; a major revision of Committee publications and public relations emphasis in keeping with national needs; and the following tentative plans:

To endeavor to direct a promotional campaign to the handicapped themselves, stressing their need to be well-trained and well-prepared for employment;

To plan another campaign in cooperation with those who serve the handicapped so that handicapped men and women will be better informed of available rehabilitation, training and placement services in their communities;

To attempt to develop interest in a research project to study whether employed handicapped workers are working to their capacities or are underemployed, as is the current belief;

To endeavor to interest The Advertising Council on adopting the project of promoting jobs for the seriously handicapped. This campaign would be a logical follow-up to the present Advertising Council campaign in behalf of greater public understanding of mental retardation;

Finally, to carry on previous activities as required—to decrease emphasis where the facts indicate lessened need or where the States and communities are stepping up their own activities; to increase emphasis in those areas dictated by the times, including international exchanges of information and increased liaison with visiting public officials and private citizens from foreign countries referred to us by various Federal and private agencies.

The President's budget for this Committee calls for \$462,300, an increase of \$2,500 for mandatory increases only.

REMOVAL OF APPROPRIATION CEILING REQUESTED

Mr. RUSSELL. If I may, I would just like to say as the volunteer Chairman of the President's Committee I have pointed out that a ceiling on authorized annual appropriations stands in the way of much necessary expansion.

I have requested of the President that this ceiling be removed, so that the Committee can ask the Congress for funds on the basis of national needs and can develop sound long-range plans.

Three times in the last 5 years Congress has favorably considered legislation to raise the Committee ceiling. One result of such legislative action has been the spectacular promotional progress made in behalf of the mentally retarded and mentally restored. And, I pay tribute to Mr. Posner for directing this program and doing such an outstanding job on it, along with our staff people.

We recognize congressional action is time consuming, and we are fast approaching our present half-million-dollar ceiling.

REDUCTION BY BUDGET BUREAU

Senator HILL. I believe the budget cut you some \$20,000 this year?

Mr. RUSSELL. Yes, sir; we have had some problems in that regard.

STRENGTHENING OF LOCAL COMMITTEES

As outlined in our fiscal year 1967 budget statement and narrative description, our major program emphasis in the coming years and in the last 6 months of this year will be to strengthen our local committees on employment of the handicapped throughout the United States.

We work with 1,500 of these mayors' committees on the local level and I think these need to be expanded to get the story of the employment of the handicapped and of rehabilitation down to local communities where it belongs.

These local committees are the frontline troops of efforts to expand opportunities for the handicapped. Our surveys have indicated that where effective local committees exist, the job placements for our handicapped citizens have increased dramatically. It will be one of our major emphasis.

JOB OPPORTUNITIES FOR HANDICAPPED PEOPLE

Another major program emphasis will be a special nationwide push for job opportunities for those handicapped people who need assistance the most—the needs of the men and women of our Nation with serious physical and mental disabilities who still suffer from bias and discrimination in their search for jobs: epileptics, the cerebral palsied, those with multiple sclerosis, heart cases, the blind, deaf, those with multiple disabilities, and others.

The initial step was a meeting on November 15, 1966, with officials of more than a dozen national health agencies, to explore with them

the means of placing greater stress on employment opportunities for the seriously handicapped.

We believe that this meeting may well prove a preliminary to a National Conference on Rehabilitation.

More immediately, it provided the President's Committee with a blueprint for action in the field of major disability groups working closely with the National Health Council.

MENTALLY RESTORED AND RETARDED

We envision a long-range project of intensified effort—perhaps a 5-year dynamic program similar to our special efforts in behalf of the mentally restored and mentally retarded. I think this is the first time in history that an effort has been made to get major disability groups together to work for employment opportunities for our physically handicapped.

PROJECTS WITH HEALTH AGENCIES AND TRADE ASSOCIATIONS

A third new program emphasis for calendar 1967 and beyond will be the enlistment of major trade associations in projects promoting jobs for the handicapped among their members. This would be an activity similar to the Institute of Industrial Laundries' current programs of hiring 1,000 mentally retarded workers in its 500-member plants throughout the country.

Components of the trade association project would hopefully include a drive for formal, written policy statements by employers favoring jobs for the handicapped, employer conferences or clinics, and special demonstration projects by employers.

In the projects with health agencies and trade associations, these are the kinds of things we find that do promote interest and activity in the employment of the physically handicapped. Finally the major thrusts for fiscal year 1968 will be in the areas of educational and promotional activity of the President's Committee.

Included will be intensification of the three major projects of fiscal year 1967, as they move further along; a major revision of committee publications and public relations emphasis in keeping with national needs, and the following tentative plans:

PROMOTIONAL CAMPAIGN

To endeavor to direct a promotional campaign to the handicapped themselves, stressing their need to be well-trained and well-prepared for employment, we find that there are many, many severely handicapped people who don't really know where to go to take advantage of these fine programs both on the National and State level and we think that we have to reach them to stress the need for the type of programs that will help them so that these handicapped people will be better informed of available rehabilitation training and placement services in their own communities and we believe our local committees can do a lot in this regard.

To attempt to develop interest in a research project to study whether employed handicapped workers are working to their capacities or are underemployed, as we believe is true in many cases.

Finally, to endeavor to interest the Advertising Council on adopting the project of promoting jobs for the seriously handicapped that I spoke of before. This campaign would be a logical followup to the present Advertising Council campaign in behalf of greater public understanding of mental retardation.

Finally, to carry on previous activities as we have over the years—to decrease emphasis where the facts indicate lessened need or where the States and communities are stepping up their own activities; to increase emphasis in those areas dictated by the times, including international exchanges of information and increased liaison with visiting public officials and private citizens from foreign countries referred to us by various Federal and private agencies.

MANDATORY INCREASE

The President's budget for this committee calls for \$462,300, an increase of \$2,500 for mandatory increases only, salary increases only.

Thank you, Mr. Chairman. I would be delighted to try to answer any questions.

Senator HILL. You have no increase at all really.

Mr. RUSSELL. Pardon?

Senator HILL. You have no real increase.

Mr. RUSSELL. Not really, sir.

Senator HILL. These are mandatory increases that you have to make under the statute? You have no choice in that matter.

Mr. RUSSELL. That is right, Mr. Chairman.

AUTHORIZED AMOUNT NEEDED

Senator HILL. The budget did cut some \$20,000 under the amount you sought. Is that correct?

Mr. RUSSELL. Actually, yes, sir, that is right, Senator Hill. I think we seriously need up to our budget limitation of \$500,000 in order to carry on this program of public information. We need two more people in secretarial help and this increase if we went to our statutory limitation would do it.

Senator HILL. These two additional people.

Mr. McCAHILL. Two information people plus secretaries, Senator.

AUTHORIZATION SHOULD BE INCREASED OR ELIMINATED

Senator HILL. And for that matter, you feel that the \$500,000 authorization should be increased?

Mr. RUSSELL. Either increased or the ceiling eliminated in order to formulate long-range programs.

Senator HILL. That would be by legislation?

Mr. RUSSELL. Yes, sir.

Mr. McCAHILL. The full statement mentions that the Chairman has requested the President to eliminate the ceiling, sir, and you have a copy of that.

Senator HILL. Yes, \$500,000. Your predecessor, my friend, General Maas, with whom I was privileged to serve in the House of Representatives did a mighty fine job and you are certainly carrying on in his spirit and I want to commend you and congratulate you on the fine work you are doing.

Mr. RUSSELL. Thank you very much, Senator. I might say if I could do half the job that General Melvin Maas did and Admiral McIntire, I would be very happy. I appreciate the dedication of not only our staff but our volunteers working throughout the country to make this program real and alive.

Senator HILL. You certainly have done a fine job.

Mr. RUSSELL. Thank you, sir.

Senator HILL. You have two mighty good men to help you.

Mr. RUSSELL. They are the ones that do all the work, sir.

PUBLICATION DEDICATED TO GENERAL MAAS

Mr. McCAHILL. We have had a lot of help from the people on your right and left, sir. There is a pamphlet right behind you which you might want to look at while Senator Bartlett is here.

We brought the pamphlet that Mr. Kennedy has there. That particular book, sir, is a copy of the book which is dedicated to General Maas and as you mentioned, you were quite close to him. I thought you would like to have a copy of that.

Senator HILL. I want to thank you and express my deep appreciation.

Mr. McCAHILL. That book is more personal but the pamphlet which you and Senator Bartlett have, "Guide to the National Parks and Monuments for Handicapped Tourists," includes a very fine program. It is typical that the only person who stayed outside of Mr. VanZant from Labor Standards who helps us with our budget is the Assistant Chief of the Veterans Employment Service, Mr. Marshall Miller, who has always been with us through thick and thin and actually put up the money for this pamphlet that Senator Bartlett is justifiably proud of. If it weren't for Senator Bartlett, we wouldn't have had it and if it weren't for the Veterans Employment Service we couldn't have printed it.

Senator HILL. I want to express my deep appreciation for these pamphlets and this copy here. We are proud of you. You are doing a wonderful job. Are there any questions?

NUMBER ON STAFF

Senator BARTLETT. How many people do you have on your staff?

Mr. RUSSELL. We have 31, Senator.

Senator BARTLETT. All here in Washington?

Mr. RUSSELL. Yes, sir; full time.

MINNESOTA MINING & MANUFACTURING CO. PROJECT

Senator BARTLETT. I was interested in glancing through your prepared statement in the disclosure that the Minnesota Mining & Manufacturing Co. has developed a community business service association plan which has already afforded self-employment, as you said, to the physically handicapped in about 12 States.

My curiosity derives from this: How did it come about that this big company became interested?

Mr. RUSSELL. We are very fortunate in having Mr. Larry Binger who has been active in and interested in the President's Committee for a long time and he is with Minnesota Mining and actually it was his idea.

One of the things that we are so proud of is that this is a wonderful example of free enterprise in action because this company has done this kind of thing and also cooperates with vocational rehabilitation. The point that they are taking very seriously is handicapped people, setting them up in the auditing business, showing them how to operate the machines and helping them for 6 months or so until they are actually established.

We believe this has great merit in putting to work people who couldn't possibly go out to other types of employment and doing a good job and we think that eventually this will spread over the country.

It started about a year ago.

Mr. McCahill. Yes, it is almost a 1-to-1 relationship as Secretary Wirtz mentioned and Mr. Binger is also voluntary chairman of the Governor's committee in Minnesota just as Mr. Russell is the voluntary chairman of our national committee.

Senator BARTLETT. I think the company has made a great contribution here.

PROPOSED LEGISLATION

Mr. Russell, I have a bill in that is intended to provide more adequate facilities in public buildings for the handicapped. Do you think that that is desirable or essential?

Mr. RUSSELL. I think it is very, very necessary, Senator Bartlett. As we all recognize, there are many, many people in our Nation who could be employed but for the fact that they can't physically get to work.

That is a deterrent to their employment. This is very, very necessary. I think 26 States have based laws eliminating as much as possible architectural barriers in public buildings.

We need more efforts directed to this so that people in wheelchairs and with rare ailments can get to work. We support you and commend you highly and recognize that such a bill is long overdue.

Senator BARTLETT. I hope your committee will have an opportunity to submit an official report on the bill.

Mr. RUSSELL. We would like very much to and will, sir.

Senator HILL. Have you anything further?

BACKGROUND MATERIAL

Mr. McCahill. Mr. Russell has some background material which we think we would like inserted in the record if we might. It shows the wide scope and variety of committee activities and the subcommittee structure and I think will be quite illuminating to those who haven't had the benefit of knowing this.

It also goes into detail in connection with the meeting of all of the national agencies.

Senator HILL. Without objection, that will be filed with the committee.

MAJOR EMPHASIS OF PROGRAM

Is there anything else that you gentlemen would like to add? I want to thank you very much for your testimony and again congratulate you on the very, very fine job you are doing.

Mr. Russell, you do get around the country.

Mr. RUSSELL. Yes; I do quite a bit. I think the major emphasis of this program has to be in the local communities and we try to visit and talk to them.

Senator HILL. You give them the inspiration that they need.

Mr. RUSSELL. They give me inspiration.

Senator HILL. I am sure it has been working both ways. They certainly need you.

Mr. RUSSELL. Thank you very much, Senator.

Senator HILL. Do you recall what Ralph Waldo Emerson said, "An institution is but the lengthened shadow of an individual."

Mr. Downey has handed me your itinerary. It looks awfully busy to me.

Senator BARTLETT. Does it include Alabama and Alaska?

Senator HILL. I am sorry to say that I don't see Alabama or Alaska on here.

ALASKA CONFERENCE

Mr. RUSSELL. I understand Alaska is having a statewide conference on the elimination of architectural barriers. I attended such a conference before the holidays in Hawaii. I would like to attend in Alaska.

Senator BARTLETT. You are invited. We need you there especially.

Senator HILL. I want to thank you, gentlemen. Did you have anything to add, Senator?

Senator BARTLETT. I have a great deal but I won't take up the time at the present.

SUBCOMMITTEE RECESS

Senator HILL. Thank you, gentlemen, very, very much.

(Whereupon, at 12:25 p.m., Monday, March 13, 1967, the subcommittee recessed, to reconvene at 10 a.m., Tuesday, March 14, 1967.)

DEPARTMENTS OF LABOR, HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1968

TUESDAY, MARCH 14, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, New Senate Office Building, Hon. Lister Hill (chairman) presiding.
Present: Senators Hill and Holland.

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

STATEMENT OF ROBERT J. BROWN, ASSISTANT MANPOWER ADMINISTRATOR, ACCOMPANIED BY DR. CURTIS C. ALLER, ASSOCIATE MANPOWER ADMINISTRATOR; HUGH C. MURPHY, ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING; DR. JOSEPH COLMEN, DEPUTY ASSISTANT SECRETARY FOR EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

APPROPRIATION ESTIMATE

"MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

"For expenses, not otherwise provided for, necessary to carry into effect the Manpower Development and Training Act of 1962, as amended (42 U.S.C. 2571-2620), **[\$390,044,000]** \$401,854,000, to remain available until June 30, **[1968]** 1969."

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$390,044,000	\$401,854,000
Appropriation available from prior year.....	2,545,538	-----
Total fund availability or estimate.....	392,589,538	401,854,000

Obligations by activity

Description	Total fund availability, 1967 ¹		Estimate, 1968		Change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Training and allowance payments.....		\$349,545,538		\$347,000,000		-\$2,545,538
2. Program services.....	25	40,522,000	25	52,378,400		+11,856,400
(a) Employment security services.....	² 25	28,522,000	² 25	38,378,400		+9,856,400
(b) State education services.....		8,000,000		8,000,000		
(c) On-the-job training services.....		4,000,000		4,000,000		
(d) Health services.....				2,000,000		+2,000,000
3. Federal institutional training services.....	168	2,522,000	168	2,475,600		-46,400
Total obligations.....	193	392,589,538	193	401,854,000		+9,264,462

¹ Includes funds available from prior year of \$2,545,538 for activity 1.² Represents positions in the U.S. Employment Service for the District of Columbia.*Obligations by object*

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	193	193	
Positions other than permanent.....	2	2	
Average number of all employees.....	181	181	
11 Personnel compensation.....	\$1,745,000	\$1,738,000	-\$7,000
12 Personnel benefits.....	126,900	126,900	
21 Travel and transportation of persons.....	218,300	218,300	
22 Transportation of things.....	3,500	3,500	
23 Rent, communications, and utilities.....	67,400	27,400	-40,000
24 Printing and reproduction.....	59,300	59,300	
25 Other services.....	440,200	440,200	
26 Supplies and materials.....	19,800	19,800	
31 Equipment.....	42,500	42,500	
41 Grants, subsidies, and contributions.....	389,866,638	399,178,100	+9,311,462
Total obligations.....	392,589,538	401,854,000	+9,264,462

Summary of changes

1967 enacted appropriation.....	\$390,044,000
Appropriation available from prior year.....	2,545,538
1967 appropriation, revised.....	392,589,538
1968 estimate.....	401,854,000
Total change.....	+9,264,462

MANDATORY ITEMS

Decrease:

Nonrecurring extra day of pay for current year staff.....	-7,000
Nonrecurring rental costs.....	-40,000
Subtotal, mandatory items.....	-47,000

PROGRAM ITEMS:

Increases:

An increase in the trainee level from 250,000 in 1967 to a level of 280,000 in 1968 with no change in overall direction program costs is made possible by the 1966 amendments to the act which provide for several new specialized Programs with lower average costs than the regular institutional and on-the-job training MDTA programs. The resulting change in the 1968 program design from 1967 is shown in the table below:

	1967		1968		Change	
	Trainees	Total cost (millions)	Trainees	Total cost (millions)	Trainees	Total cost (millions)
Institutional.....	125,000	\$231.5	112,000	\$211.2	-13,000	-\$20.3
OJT.....	125,000	115.5	112,000	105.2	-13,000	-10.3
Part time and other.....			56,000	30.6	+56,000	+30.6
Total.....	250,000	347.0	280,000	347.0	+30,000	0

To provide for expanded services by the State employment security agencies to meet the requirements of the 1966 amendments to the MDTA and to provide the intensified outreach, counseling, testing, and job development needed to reach and place into training disadvantaged workers... + 9, 857, 000

To provide for health services for trainees by vocational rehabilitation agencies or other medical facilities..... + 2, 000, 000

Subtotal, increases..... + 11, 857, 000

Decrease: Non recurring appropriation made available in 1967 from 1966 subtotal..... - 2, 545, 538

Subtotal, program items..... + 9, 311, 462

Total change..... + 9, 264, 462

94 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Summary of the 1967 and 1968 Manpower Development and Training Act program by title and by appropriation

	Appropriation adjusted, 1967 ¹	Estimate, 1968
Title I:		
Direct program costs:		
Research programs (O/MA)	\$3,800,000	\$4,300,000
Experimental and demonstration programs (O/MA)	15,000,000	20,583,000
Labor mobility program (O/MA)	5,000,000	4,800,000
Trainee bonding program (O/MA)	200,000	200,000
Subtotal, direct program costs	24,000,000	29,883,000
Federal administrative costs: Office of Manpower Policy, Evaluation, and Research (O/MA)	2,024,700	2,049,500
Total, title I	26,024,700	31,932,500
Title II:		
Training costs and allowance payments:		
Training costs (MDTA)	176,100,000	172,900,000
Allowance payments (MDTA)	170,900,000	174,100,000
Total	347,000,000	347,000,000
Program services:		
Employment security services (MDTA)	28,522,000	38,378,400
State education services (MDTA)	8,000,000	8,000,000
On-the-job training services (MDTA)	4,000,000	4,000,000
Health services (MDTA)		2,000,000
Total	40,522,000	52,378,400
Federal administrative costs:		
Office of Manpower Policy, Evaluation, and Research (O/MA) ..	1,338,000	1,359,300
Bureau of Employment Security (BES)	2,597,000	2,694,000
Bureau of Apprenticeship and Training (BAT)	1,848,000	1,885,200
Office of Financial and Management Service (O/MA)	1,494,700	1,512,600
Office of the Administrator (O/MA)	311,500	315,300
Department of Health, Education, and Welfare (MDTA)	2,330,800	2,285,000
Total	9,920,000	10,051,400
Total, title II	397,442,000	409,429,800
Title III:		
Federal administrative costs:		
Office of Manpower Policy, Evaluation, and Research (O/MA) ..	1,643,100	1,659,300
Department of Health, Education, and Welfare (MDTA)	191,200	190,600
Total, title III	1,834,300	1,849,900
Total estimate	425,301,000	443,212,200
Summary by appropriation account:		
Manpower development and training activities (MDTA)	390,044,000	401,854,000
Office of Manpower Administrator, salaries and expenses (O/MA) ..	30,812,000	36,779,000
Bureau of Employment Security, salaries and expenses (BES)	2,597,000	2,694,000
Bureau of Apprenticeship and Training, salaries and expenses (BAT) ..	1,848,000	1,885,200
Total	425,301,000	443,212,200

¹ Includes supplemental transfer for pay costs of \$97,000, GSA rent transfer of \$74,619, reflects comparative transfer of \$185,000 to Office of Secretary for financial audit functions, and excludes carryover of prior year funds of \$3,566,278.

Activity 1. Training and allowance payments

1969 -----	\$349, 545, 538	| Positions -----	0
1968 -----	347, 000, 000	| Positionis -----	0

NARRATIVE DESCRIPTION OF PROGRAM

Since its original enactment in March, 1962, the several objectives of the Manpower Development and Training Act have been broadened and enhanced by legislative amendment. The Congress in 1963, 1965, and again in 1966 has reappraised its perception of the Nation's manpower requirements and resources as it has received information and gained knowledge from the experiences of Manpower Development and Training Act program operation, and as changing economic, social and educational realities have impinged themselves upon the structure of our society. New programs have been added; old programs have been modified or discontinued.

The responsibilities of the Secretary of Labor under the amended Manpower Development and Training Act are described in two separate budget estimates. Activities under Title I of the Act are presented under the estimate, Office of the Manpower Administrator, Salaries and Expenses. Title II of the Act gives to the Secretary of Labor, and to the Secretary of Health, Education, and Welfare the responsibility to "promote and encourage the development of broad and diversified training programs, including on-the-job training," designed to insure that unemployed and under employed persons who cannot obtain full-time jobs with their present skills, or who are working below their occupational potential, are afforded an opportunity through provision of basic education and training in communication and employment skills, occupational training, and maintenance allowances, to equip themselves with new and improved skills that will provide them reasonable assurance of employment.

Summary of funds obligated and trainees approved, fiscal year 1967, as of Dec. 31, 1966

State or possession	Total		Institutional training		On-the-job training	
	Trainees approved	Obligations	Trainees approved	Obligations	Trainees approved	Obligations
Total.....	141, 655	\$178, 686, 011	66, 806	\$133, 726, 873	74, 849	\$44, 959, 138
Alabama.....	2, 250	3, 138, 079	1, 157	2, 658, 063	1, 093	480, 016
Alaska.....	186	423, 476	145	381, 469	41	42, 007
Arizona.....	932	1, 144, 228	325	693, 944	607	450, 284
Arkansas.....	1, 271	1, 936, 219	646	1, 689, 598	625	236, 621
California.....	18, 205	28, 439, 995	8, 417	23, 490, 513	9, 788	4, 949, 482
Colorado.....	1, 279	1, 722, 546	412	1, 303, 883	867	418, 663
Connecticut.....	1, 509	1, 645, 511	704	1, 099, 917	805	545, 594
Delaware.....	510	428, 111	241	386, 825	269	41, 286
District of Columbia.....	2, 392	1, 958, 255	1, 816	1, 563, 673	576	394, 582
Florida.....	3, 491	3, 769, 970	1, 656	2, 729, 323	1, 835	1, 040, 647
Georgia.....	1, 679	2, 343, 763	1, 186	2, 011, 762	493	332, 001
Guam.....	30	32, 626	30	32, 626		
Hawaii.....	152	191, 604	65	110, 859	87	80, 745
Idaho.....	392	742, 458	193	597, 606	199	144, 852
Illinois.....	11, 404	13, 814, 196	5, 826	8, 662, 445	5, 578	5, 151, 751
Indiana.....	1, 810	1, 393, 365	315	298, 389	1, 495	1, 094, 976
Iowa.....	2, 376	3, 292, 055	1, 084	2, 061, 320	1, 292	1, 230, 735
Kansas.....	1, 727	2, 229, 240	521	1, 774, 342	1, 206	454, 898
Kentucky.....	1, 437	1, 971, 565	621	1, 606, 464	816	365, 101
Louisiana.....	1, 277	2, 260, 532	730	1, 964, 515	547	296, 017
Maine.....	968	765, 259	526	636, 448	432	128, 811
Maryland.....	2, 498	2, 154, 360	2, 014	1, 906, 478	484	247, 882
Massachusetts.....	3, 002	4, 723, 119	1, 578	3, 779, 051	1, 424	944, 068
Michigan.....	6, 121	8, 721, 073	3, 156	6, 799, 527	2, 965	1, 921, 546
Minnesota.....	2, 135	2, 769, 814	1, 336	2, 339, 858	799	429, 956
Mississippi.....	840	1, 134, 800	355	881, 586	485	253, 214
Missouri.....	1, 642	2, 167, 146	574	1, 585, 431	1, 068	581, 715
Montana.....	515	809, 850	296	599, 036	219	210, 814
Nebraska.....	879	1, 404, 042	639	1, 293, 539	240	110, 503
Nevada.....	335	539, 468	271	472, 783	64	66, 685
New Hampshire.....	394	622, 119	170	482, 174	224	139, 945
New Jersey.....	4, 267	5, 264, 419	1, 726	3, 733, 688	2, 541	1, 530, 731
New Mexico.....	401	623, 773	215	488, 696	186	135, 077
New York.....	19, 184	21, 891, 429	6, 197	13, 942, 449	12, 987	7, 948, 980
North Carolina.....	2, 322	2, 425, 201	973	1, 829, 941	1, 349	595, 260
North Dakota.....	405	948, 853	191	698, 220	214	250, 633
Ohio.....	5, 647	7, 810, 728	3, 175	5, 668, 149	2, 472	2, 142, 579
Oklahoma.....	2, 258	1, 823, 164	1, 427	1, 490, 637	831	332, 527
Oregon.....	2, 129	2, 092, 569	990	1, 476, 439	1, 139	616, 130
Pennsylvania.....	7, 650	10, 757, 422	4, 280	9, 134, 378	3, 370	1, 623, 044
Puerto Rico.....	2, 052	994, 614	559	716, 966	1, 493	277, 628
Rhode Island.....	567	792, 803	438	704, 226	129	88, 577
South Carolina.....	2, 115	1, 795, 567	920	1, 494, 285	1, 195	301, 282
South Dakota.....	374	829, 076	180	636, 646	194	192, 430
Tennessee.....	4, 030	4, 138, 760	1, 400	2, 570, 814	2, 630	1, 567, 946
Texas.....	5, 572	6, 451, 332	2, 622	4, 346, 076	2, 950	2, 105, 256
Utah.....	418	682, 334	220	577, 298	198	105, 036
Vermont.....	343	414, 718	225	307, 030	118	107, 688
Virginia.....	2, 197	2, 211, 385	1, 203	1, 765, 132	994	446, 253
Virgin Islands.....	65	47, 445	26	35, 345	39	12, 100
Washington.....	840	1, 296, 642	300	940, 563	540	356, 079
West Virginia.....	1, 524	1, 383, 372	502	860, 342	1, 022	523, 030
Wisconsin.....	3, 487	4, 900, 382	1, 952	4, 064, 086	1, 535	836, 296
Wyoming.....	180	421, 179	80	342, 000	100	79, 179

Comparison of estimated program design, fiscal years 1967 and 1968

	1967			1968			Changes	
	Trainees	Average cost	Total cost (thousands)	Trainees	Average cost	Total cost (thousands)	Trainees	Total cost (thousands)
Institutional -----	125,000	\$1,852	\$231,456	112,000	\$1,886	\$211,212	-13,000	-\$20,244
Youth -----	45,000	1,537	69,168	41,600	1,554	64,642	-3,400	-4,526
Regular adult -----	35,000	1,583	55,408	28,400	1,644	46,090	-6,600	-8,718
Disadvantaged adult -----	45,000	2,375	106,880	42,000	2,378	99,880	-3,000	-7,000
OJT -----	125,000	924	115,544	112,000	939	105,148	-13,000	-10,396
Youth -----	15,000	867	13,008	16,000	893	14,285	+1,000	+1,277
Regular adult -----	51,000	747	38,100	41,200	750	30,914	-9,800	-7,186
Disadvantaged adult -----	59,000	1,092	64,436	54,800	1,094	59,949	-4,200	-4,487
Part time (regular adult) -----				31,000	540	16,740	+31,000	+16,740
Prison inmates (disadvantaged adult) -----				5,000	1,900	9,500	+5,000	+9,500
Other than skill training -----				20,000	220	4,400	+20,000	+4,400
Youth -----				10,000	180	1,800	+10,000	+1,800
Disadvantaged adult -----				10,000	260	2,600	+10,000	+2,600
Total -----	250,000	1,388	347,000	280,000	1,239	347,000	+30,000	0

Estimated distribution of 1968 MDTA funds to be apportioned among the States as required by sec. 301 of the act and State matching funds as required by sec. 231 of the act

State or possession	1967 apportion- ment factor ¹	Federal apportionment ²	State matching funds
Total.....	100.00	\$260,000,000	\$8,900,000
Alabama.....	1.38	3,588,000	123,000
Alaska.....	.23	598,000	20,000
Arizona.....	.77	2,002,000	69,000
Arkansas.....	.89	2,314,000	79,000
California.....	15.04	39,104,000	1,339,000
Colorado.....	.99	2,574,000	88,000
Connecticut.....	1.43	3,718,000	127,000
Delaware.....	.23	598,000	20,000
District of Columbia.....	.44	1,144,000	39,000
Florida.....	1.78	4,628,000	158,000
Georgia.....	1.65	4,290,000	147,000
Guam.....	.02	52,000	2,000
Hawaii.....	.30	780,000	27,000
Idaho.....	.41	1,066,000	36,000
Illinois.....	5.18	13,468,000	461,000
Indiana.....	1.81	4,706,000	161,000
Iowa.....	1.27	3,302,000	113,000
Kansas.....	1.14	2,964,000	101,000
Kentucky.....	1.53	3,978,000	136,000
Louisiana.....	1.55	4,030,000	138,000
Maine.....	.36	936,000	32,000
Maryland.....	1.38	3,588,000	123,000
Massachusetts.....	3.64	9,464,000	324,000
Michigan.....	3.87	10,062,000	344,000
Minnesota.....	1.71	4,446,000	152,000
Mississippi.....	.96	2,496,000	85,000
Missouri.....	2.21	5,746,000	197,000
Montana.....	.35	910,000	31,000
Nebraska.....	.74	1,924,000	66,000
Nevada.....	.31	806,000	28,000
New Hampshire.....	.27	702,000	24,000
New Jersey.....	4.08	10,608,000	363,000
New Mexico.....	.40	1,040,000	36,000
New York.....	11.27	29,302,000	1,003,000
North Carolina.....	1.87	4,862,000	166,000
North Dakota.....	.45	1,170,000	40,000
Ohio.....	4.72	12,272,000	420,000
Oklahoma.....	.95	2,470,000	85,000
Oregon.....	1.03	2,678,000	92,000
Pennsylvania.....	5.29	13,754,000	471,000
Puerto Rico.....	1.35	3,510,000	120,000
Rhode Island.....	.43	1,118,000	38,000
South Carolina.....	1.11	2,886,000	99,000
South Dakota.....	.37	962,000	33,000
Tennessee.....	1.64	4,264,000	146,000
Texas.....	3.91	10,166,000	348,000
Utah.....	.62	1,612,000	55,000
Vermont.....	.22	572,000	20,000
Virginia.....	1.41	3,666,000	126,000
Virgin Islands.....	.02	52,000	2,000
Washington.....	1.69	4,394,000	150,000
West Virginia.....	.76	1,976,000	68,000
Wisconsin.....	2.38	6,188,000	212,000
Wyoming.....	.19	494,000	17,000

¹ Based on fiscal year 1967 apportionment factor, Public Law 87-415, sec. 301, requires annual redetermination of State apportionment factors.

² Sec. 301 of the act provides that 80 percent of the funds for training projects under title II (excluding funds for projects in redevelopment areas) shall be apportioned among the States, 20 percent, or \$65,000,000 is unapportioned, in addition to \$22,000,000 estimated for training projects in redevelopment areas which also is unapportioned. Total fiscal year 1968 title II training activities total \$347,000,000.

Activity 2. Program services

1967 (positions, 25)-----	\$40,522,000
1968 (positions, 25)-----	52,378,400

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the cost of Manpower Development and Training Act program services rendered by State Employment Service agencies (and their local offices); State Vocational agencies (under agreements entered into with the Secretary of Health, Education, and Welfare); and State Apprenticeship agencies and other public and private sources which provide on-the-job training services.

The Manpower Development and Training Act rather specifically delineates the parameters of the training program. It established in what occupations training shall be given; to whom the training shall be given; and for how long.

Training programs are closely identified with communities, and it is here in large degree that training programs are planned, developed and operated, providing training to local residents with expectation of employment in their own home towns. Where circumstances warrant, training programs may take on broader geographic coverage, reaching several communities or even across State borders to become regional or, conceivably, national in scope. The focal point for the development and administration of training programs is the State, and it is for these reasons that the Secretary of Labor has entered into agreements with State employment security and State apprenticeship agencies and the Secretary of Health, Education, and Welfare with State vocational education agencies. In addition, the Secretary of Labor has entered into contracts with national, State and local associations and organizations for the purpose of promoting, developing and supervising on-the-job training projects. The program services provided for by this activity are described in more detail below.

Activity 2. (a) Employment security services

1967 (positions, 25)-----	\$28,522,000
1968 (positions, 25)-----	38,378,400

State employment security agencies (and their local offices) are responsible for: (1) determining the occupations in which there is a need for training; (2) outreach and identification of workers requiring training; (3) screening, intensive counseling and testing services prior to taking training; (4) selecting and referring individuals to training; (5) determining entitlements and making training allowances and subsistence payments to persons who are eligible for such payments under the Act; (6) providing job orientation, job development and placement of individuals upon conclusion of training; and (7) follow-up activities after placement. In the administration of the program the State agencies provide continuing technical services to their local offices and carry on program review and monitoring. They work in close cooperation with their counterpart State vocational education agencies in the promulgation, development and review of all institutional training projects, and with State apprenticeship agencies relative to on-the-job training projects. Within their area of responsibility, they recommend these training projects for Federal review and approval.

Activity 2. (b) State education services

1967 (positions, 0)-----	\$8,000,000
1968 (positions, 0)-----	8,000,000

In order to carry out the institutional training aspect of the Manpower Development and Training Act among the States, it is necessary that funds be provided for salaries of employees of State agencies associated with the administration and supervision of the program under agreements authorized by Section 231.

It is anticipated that, for the most part, such agreements will continue to vest State responsibilities with the appropriate State vocational education agencies which will provide the majority of the training for persons referred by the Secretary of Labor. If, however, the Secretary determines that a given training project or a certain type of training may be provided more quickly, more effectively, or more efficiently through private educational or training agencies, or any other agency that may give effect to the intent of the Congress that private schools be utilized, he may enter into agreements with such other entities.

From information supplied by local public employment offices, the local educational agency determines which occupations are suitable for training and what resources are needed. Local school officials assist in estimating any additional costs. Based on the above information, a training proposal is prepared and when approved, the training program is developed and begun by local school officials. As training proceeds, there is constant interchange of information between the education facilities and employment service agencies to insure that trainable persons are being selected and that the curriculum and instructional programs are providing job-related skills, including basic education needed by trainees with educational handicaps.

The State education agency is responsible for administering training on a State-wide basis and for participating with State employment services in the development of Federal-State Manpower Plans. For the most part, this will be accomplished by the Division of Vocational Education in the State education agency, although it may solicit inputs from other agencies of State government such as welfare, Vocational Rehabilitation, etc. The State education agency assists and supervises local operating units in getting programs started, and it may also provide them with funds for the purpose of developing project applications for review and approval. The State education agency, together with the State employment security agency (except in those cases where the Secretary of Health, Education, and Welfare contracts directly) reviews all training programs proposed or undertaken in the State to insure conformity with standards prescribed under the Act.

Activity 2. (c) On-the-job training services

1967 -----	\$4,000,000
Positions -----	0
1968 -----	\$4,000,000
Positions -----	0

Section 204 of the Act provides that "The Secretary of Labor shall encourage, develop and secure the adoption of programs for on-the-job training needed to equip persons selected for training with the appropriate skills." The same section also states that the Secretary shall, to the maximum extent possible, secure the adoption by the States and other agencies and organizations of on-the-job training programs. Section 206 of the Act authorizes the Secretary to utilize the services of appropriate State agencies for the purpose of achieving the training objectives of the Act, and to make payments to such agencies for expenses incurred in the development and administration of training programs.

The participation of State Apprenticeship agencies in the promotion, development and servicing of on-the-job training programs is sought by inviting them to enter into agreements with the Secretary of Labor. Agreements were made with eight States in 1966. A listing of 1966 activity is shown on page MDTA-38. In 1967 this will be increased to approximately twelve States. A listing of activity planned for 1968 is shown on page MDTA-39.

In addition to agreements with State Apprenticeship agencies, the Secretary of Labor may also contract with various public and private agencies, associations, labor organizations, corporations and other organizations for the purpose of promoting, developing and servicing on-the-job training projects.

Under this type of contract with the Secretary of Labor, the sponsor is responsible for designing and promoting the development and operation of State or local projects, and in some instances also for providing technical assistance in the maintenance and operation of individual training projects that may be Nation-wide or multi-State in scope. A listing of the National Contracts for promotion and development of on-the-job training projects entered into in 1966 is shown on page MDTA-40.

No additional funds are requested for these services in 1968. The \$4,000,000 requested is the same level as that appropriated for 1967. While the level of the on-the-job training program projected for 1968 is slightly lower than the estimated 1967 level, the emphasis placed upon increased services for trainees as well as the development of projects combining institutional training with on-the-job training will require additional staff time.

Activity 2. (d) Health services

1967 -----	0
Positions -----	0
1968 -----	\$2, 000, 000
Positions -----	0

Section 202(k) of the 1966 amendments authorizes the Secretary of Labor to defray the cost of physical examinations, medical treatment, and prosthetic appliances not to exceed an aggregate of \$100 per person so assisted in the event arrangements for such services cannot be made without cost to the Manpower Development and Training Act appropriations by the Secretary of Health, Education, and Welfare. This amendment recognized that many disadvantaged persons either cannot be referred to training for health or disability reasons, or once referred cannot successfully complete their training and/or be placed in employment without the benefit of such assistance.

Arrangements will be made by the Secretary of Health, Education, and Welfare for the Vocational Rehabilitation Administration to arrange such assistance through its usual working relationships with the States and local communities. Where the State employment security agencies determine in screening persons for referral to Manpower Development and Training Act projects that assistance under this authority is required before a person can enter training, the Vocational Rehabilitation Administration will first determine whether or not the individual is eligible for assistance through the regular Vocational Rehabilitation Agency program, or can otherwise be made ready for training through health services provided by some other public or private agency and without cost to the appropriations under Manpower Development and Training Activities. In the event the only means of providing the necessary medical services is through the authority of Section 202(k) of this Act, the Vocational Rehabilitation Agency will arrange for the appropriate service which will then be reimbursed by the Department of Labor from the Manpower Development and Training Act appropriation. A similar procedure will be followed for medical services provided individuals who, after having entered into training, require such services or minor prosthetic appliances in order to either continue in training or to be placed in employment following the completion of their training.

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Estimated distribution of 1968 manpower development and training activities State agency program services funds by State

State or possession	Total		Employment security agencies		Vocational education agencies		Apprenticeship agencies	
	Amount	Position equivalents	Amount	Position equivalents	Amount	Position equivalents	Amount	Position equivalents
Total.....	\$47,878,400	5,594	\$38,378,400	4,328	\$8,000,000	1,100	\$1,500,000	166
Alabama.....	646,000	80	494,000	56	152,000	24		
Alaska.....	377,000	45	256,000	28	100,000	15	21,000	2
Arizona.....	450,000	55	309,000	36	141,000	19		
Arkansas.....	453,000	57	372,000	41	81,000	16		
California.....	5,400,400	631	4,285,400	491	593,000	84	522,000	56
Colorado.....	547,000	60	405,000	46	127,000	12	15,000	2
Connecticut.....	863,000	112	616,000	69	169,000	34	78,000	9
Delaware.....	164,000	15	109,000	12	55,000	3		
District of Columbia.....	274,000	28	188,000	21	69,000	5	17,000	2
Florida.....	922,000	108	745,000	85	157,000	21	20,000	2
Georgia.....	1,015,000	116	822,000	93	193,000	23		
Guam.....	57,000	7	32,000	3	25,000	4		
Hawaii.....	287,000	37	147,000	17	133,000	19	7,000	1
Idaho.....	221,000	27	186,000	21	35,000	6		
Illinois.....	2,450,000	326	2,083,000	241	367,000	85		
Indiana.....	891,000	103	751,000	84	140,000	19		
Iowa.....	536,000	61	449,000	50	87,000	11		
Kansas.....	674,000	74	462,000	52	212,000	22		
Kentucky.....	733,000	83	616,000	69	117,000	14		
Louisiana.....	991,000	109	756,000	84	131,000	14	104,000	11
Maine.....	408,000	41	314,000	34	94,000	7		
Maryland.....	646,000	69	533,000	60	113,000	9		
Massachusetts.....	1,804,000	229	1,540,000	173	222,000	56	42,000	6
Michigan.....	1,674,000	207	1,418,000	159	256,000	48		
Minnesota.....	1,053,000	120	752,000	86	301,000	34		
Mississippi.....	840,000	90	533,000	61	307,000	29		
Missouri.....	981,000	114	899,000	102	82,000	12		
Montana.....	209,000	22	147,000	17	46,000	3	16,000	2
Nebraska.....	358,000	41	302,000	34	56,000	7		
Nevada.....	250,000	25	186,000	21	64,000	4		
New Hampshire.....	184,000	21	147,000	17	37,000	4		
New Jersey.....	2,237,000	283	1,967,000	216	330,000	67		
New Mexico.....	232,000	26	154,000	18	78,000	8		
New York.....	4,307,000	481	3,013,000	333	868,000	102	426,000	46
North Carolina.....	787,000	89	687,000	77	100,000	12		
North Dakota.....	262,000	27	206,000	23	56,000	4		
Ohio.....	1,904,000	228	1,758,000	197	146,000	31		
Oklahoma.....	451,000	49	340,000	38	111,000	11		
Oregon.....	626,000	67	469,000	53	130,000	11	27,000	3
Pennsylvania.....	2,811,000	361	2,439,000	274	372,000	87		
Puerto Rico.....	581,000	65	449,000	50	74,000	6	58,000	9
Rhode Island.....	308,000	36	238,000	27	70,000	9		
South Carolina.....	658,000	74	488,000	55	170,000	19		
South Dakota.....	207,000	22	179,000	20	28,000	2		
Tennessee.....	834,000	84	603,000	67	231,000	17		
Texas.....	1,549,000	175	1,399,000	157	150,000	18		
Utah.....	303,000	33	256,000	28	33,000	4	14,000	1
Vermont.....	185,000	21	147,000	17	38,000	4		
Virginia.....	596,000	66	494,000	56	81,000	7	21,000	3
Virgin Islands.....	43,000	5	32,000	3	11,000	2		
Washington.....	1,327,000	151	1,233,000	141	73,000	8	21,000	2
West Virginia.....	410,000	43	334,000	37	76,000	6		
Wisconsin.....	767,000	81	590,000	66	86,000	6	91,000	9
Wyoming.....	135,000	14	109,000	12	26,000	2		

Activity 3. Federal institutional training services

1967 -----	\$2,522,000
1968 -----	2,475,600
Positions -----	168
Positions -----	168

NARRATIVE DESCRIPTION OF PROGRAM

Under the provisions of the Manpower Development and Training Act, the Secretary of Health, Education, and Welfare is responsible for providing institutional training and retraining to individuals whose skills have been rendered obsolete by forces not under their control and arising from dislocations in the economy due to automation, foreign competition, relocation of industries, shifts in market demands, and other economic changes, and to develop skills for new positions which are not or will be in demand.

The Department of Health, Education, and Welfare cooperates with the Department of Labor in carrying out the provisions of the Manpower Development and Training Act. The Secretary of Health, Education, and Welfare submits a separate report of the activities of his Department under Title II of the Act, together with recommendations regarding continuation and improvement of the program. The Office of the General Counsel furnishes necessary legal services. The Office of Adult of the Department provides audit standards and performs audits of programs operated through appropriate public and/or private agencies. The Office of Education, through the Bureau of Audit and Vocational Education, Division of Manpower Development and Training, directs program operation and management. Specifically, through its field staff, the Office of Education helps the States to develop training programs providing assistance in such areas as selection of courses of study; planning, organizing, and developing training standards for programs and instructors; preparing training plans and program procedures; designing course outlines; evaluating course content and the relationship of training to job opportunities; planning in-service training programs; tying program plans to manpower utilization surveys and expected effects of changing technology on the labor force; and coordinating State activities with those of the Department of Labor. In addition, the Office of Education prepares and issues procedural guides, instructions, and application forms; provides assistance to appropriate State Educational Agencies in planning and financing their programs; contracts with public or private educational agencies to conduct training activities where appropriate and offers guidance on improvement of curriculum and methods in training and retaining programs.

The Office of Education also prepares for use of State and other training agencies and institutions, suggested curriculums for use in providing instruction for individuals referred for training by the Secretary of Labor, and it also disseminates the findings of experimental and demonstration projects having implications for education and training.

Distribution of field staff

Supervising offices	1967			1968		
	Profes- sional	Clerical	Total	Profes- sional	Clerical	Total
Atlanta, Ga.-----	3	2	5	3	2	5
Boston, Mass.-----	2	2	4	2	2	4
Charlottesville, Va.-----	2	2	4	2	2	4
Chicago, Ill.-----	3	3	6	3	3	6
Dallas, Tex.-----	3	2	5	3	2	5
Denver, Colo.-----	2	2	4	2	2	4
Kansas City, Mo.-----	3	2	5	3	2	5
New York City, N. Y.-----	4	3	7	4	3	7
San Francisco, Calif.-----	4	3	7	4	3	7
Total, field staff.-----	26	21	47	26	21	47

PREPARED STATEMENT

Senator HILL. The committee will kindly come to order. Mr. Brown, we are happy to have you here, sir. We will be glad to have you proceed in your own way.

Mr. BROWN. Thank you. I am appearing on behalf of the Manpower Administrator and Assistant Secretary, Stanley H. Ruttenberg. I have a prepared statement that I would like to submit for the record.

Senator HILL. We will have that appear in full in the record.

(The statement follows:)

Mr. Chairman and members of the Committee, I am pleased to appear before you today on the 1968 appropriation estimate for Manpower Development and Training Activities. The 1968 estimate is for \$401,854,000 which is estimated to provide training for 280,000 workers. Of this number 112,000 are estimated to be in institutional training projects and 112,000 in on-the-job training projects with a large part of the on-the-job trainees receiving related institutional instruction in addition to on-the-job training. The balance, 56,000, will receive training under the several new programs made possible by the 1966 Amendments to the Manpower Development and Training Act.

The institutional training projects are designed to provide classroom training in occupational skills plus a program of basic education to those trainees who lack such training. On-the-job training trains the individual in a specific job as he actually works in it. These on-the-job projects are frequently "coupled" with related institutional training and basic education when the trainee is in need of these. The 1966 amendments to the Manpower Development and Training Act broadened these basic programs from full-time occupational training with allowances to a multi-purpose multi-occupational program. The amendments recognize the differing needs of individuals by providing for a variety of programs. In other words, they make the Manpower Development and Training Program truly person-oriented which was a primary goal of the redirection of the program in 1967.

The 1966 Amendments provide for several new programs which permit more specialized services to trainees. Section 202 establishes a program of part-time training to upgrade the skills of unemployed workers to qualify them for jobs in the skill shortage areas. Thirty-one thousand trainees will receive this part-time training in fiscal year 1968. Section 202(j) provides for assistance to persons who have skills to offer but need employment skills such as work orientation, language skills, etc., to make them employable. An estimated 10,000 adults and 10,000 youth will be given this training in 1968. Section 251 authorized the establishment of a pilot program for inmates of correctional institutions. A program for an estimated 5,000 trainees is proposed for 1968. In all an estimated 56,000 trainees will be trained under these amendments. Because the average cost per trainee under these special programs is lower than that of the regular Manpower Development and Training Act programs it will be possible to train an additional 30,000 trainees without any increase in direct program costs.

The only program increase in the request for 1968 over the 1967 appropriation is \$11,857,000 for the needed program services with which to implement the program for the disadvantaged. In fiscal year 1967 the employment services were asked to establish programs to provide intensive services for disadvantaged adults along the same lines as those provided for youth in the Youth Opportunity Centers. This program of intensive service is built on the concept that outreach to the disadvantaged without effective outcomes in terms of jobs and training opportunities could be more disastrous to the community and its progress in dealing with human relations than no outreach at all. Through this program, therefore, the employment services have developed unified counseling and supportive services, unified job development and placement services and unified job market information programs. The establishment of the one-stop multi-service centers in ghetto neighborhoods is a part of this approach.

The effective implementation of the 1966 amendments will play a major role in assisting the disadvantaged in that they broaden the services which can be used. The other-than-skill training and inmate programs however, will require special techniques, special tests and in-depth counseling to determine work capabilities and deficiencies of potential trainees as well as counseling to motivate them to enroll and continue in training.

The emphasis on services to workers 45 years and older will require substantial increases in employment service staff who are equipped to work with this age group. Careful counseling will be required to identify problems which may work against employment, provision of basic education, pre-vocational and other needed services will be needed. Projects must be planned in such a way that they avoid arousing the natural resistance of many older persons to further training. It will be necessary for the staff of the employment service offices to make use of specialized community agencies to assure that older workers have access to the full range of health, welfare, legal and other required service, as well as employers and employer associations to assure that once training is accomplished the older person will in fact have an opportunity for employment.

Employment service staff will be required to implement the program of health services to trainees as directed by the 1966 amendments to the Manpower Development and Training Act. This will involve a determination of need by the employment service office staff, consultation with Vocational Rehabilitation representatives and in some cases securing of necessary medical services and continuous contacts with local agencies offering such services. It is estimated that some 40,000 trainees will be provided services under the 1966 amendment to the Manpower Development and Training Act (Sec. 202(k)) at a cost of \$2,000,000.

The complexity of the program for reaching the disadvantaged is demonstrated by the fact that for every disadvantaged trainee who can be referred to training, seven or eight persons must be reached. One in every two disadvantaged persons need supportive health and welfare services. All or most of the disadvantaged need specially prepared job market information which require the employment services to adapt and distribute information in ways which are comprehensible to the disadvantaged person. All or most of the disadvantaged need continuity of attention by the employment service staff to follow up and follow through on referrals to training, referrals to health and welfare services and referrals to job openings derived from intensive job development efforts. It is for these comprehensive services which will so drastically effect the success of our programs for the disadvantaged that we have made our request for the increase of \$9,857,000 for an overall program increase of \$11,857,000. This increase is partially offset by a mandatory decrease of \$2,592,538 for a net increase of \$9,264,462.

Mr. Chairman, this very briefly summarizes the Manpower Development and Training Activities budget estimate for 1968. I shall be happy to answer any questions you may have.

INTRODUCTION OF STAFF PERSONNEL

Mr. BROWN. Perhaps before proceeding I should introduce those here at the table with me. On my right is Hugh Murphy, Director of the Bureau of Apprenticeship and Training.

Senator HILL. We are glad to have you.

Mr. BROWN. Of course, Bob Goodwin, whom you have known for many years.

Senator HILL. He was here before I got here.

Mr. BROWN. Curt Aller, who directs the Office of Manpower Policy, Evaluation, and Research and Dr. Colmen, the Deputy Assistant Secretary of Health, Education, and Welfare, for Education.

Senator HILL. It is nice to have all you gentlemen here.

1967 APPROPRIATION AND 1968 BUDGET REQUEST

Mr. BROWN. The appropriation request, Mr. Chairman, for the manpower development and training activities is \$401,854,000 to train some 280,000 trainees. This is a program increase of \$11,857,000 over fiscal year 1967 and will reach an additional 30,000 trainees over the level of this year.

Senator HILL. How many more?

Mr. BROWN. 30,000 additional or a total of 280,000 trainees. The program design will correspond to the individualized person-oriented approach that the Secretary referred to yesterday. It will provide for training 112,000 on-the-job trainees.

We estimate some 64,000 of those will be in institutional components as well as on-the-job training; 112,000 will be straight institution program; 31,000 trainees in the new part-time training program; 20,000 in other than skill training, which I am sure you are familiar with and were included in the new amendments of last year; and an additional 5,000 for inmates of correctional institutions.

STATE EMPLOYMENT SECURITY AGENCIES TRAINING

The \$11,857,000 program increase over last year will go primarily to the State employment security agencies and will bring training to the additional 30,000 trainees as well as to move the program toward the person-oriented, vitalized approach so that we can truly fit the training program to the individual's needs.

I can't emphasize the importance of this figure enough. While we are able to reach 280,000 trainees at the same program cost, the design really is hinged on the ability to reach the people and to do the kind of intensive counseling, testing, outreach and job development so as to make the program more effective.

HEALTH AMENDMENT IMPLEMENTATION

Two million dollars of the increase will go directly to implement the health amendment of last year. We estimate we will be reaching some 40,000 trainees under that amendment.

Mr. Chairman, this is a very brief summary of my prepared statement.

AVERAGE COST PER TRAINEE AND PROGRAM DURATION

I do wish to supply the committee at this time, pursuant to Senator Bartlett's request, a table which indicates in some detail for the entire program design the average cost per trainee in each of the selected programs as well as the average duration of each program.

Senator HILL. You will supply that table to us?

Mr. BROWN. Yes, sir.

Senator HILL. We will have that follow immediately after your remarks.

Mr. BROWN. Fine.

(The table follows:)

Summary of fiscal year 1968 program design reflecting 1966 amendments for average duration, training costs, and allowance costs per trainee

Trainees	Duration (weeks)				Training costs per trainee				Allowance costs per trainee				Total cost
	Regular	Basic education	Related instruction	Total	Regular	Basic education	Related instruction	Total	Regular	Basic education	Related instruction	Total	
Total	280,000												
Youth program	67,600												
Institutional	41,600	28	14	42	560	280		840	\$476	\$238		\$714	\$1,554
OJT	7,500	24		24	480	480		480		480		480	480
OJT coupled	8,500	24	14	45	480	280	\$140	900		238	\$119	357	1,257
Other than skill training	10,000		5	5		100		100		80		80	180
Regular adults	100,600												
Institutional	28,400	28		28	560			560	1,084			1,084	1,644
OJT	14,100	24		24	480			480				480	480
OJT coupled	27,100	24	7	31	480		140	620		271		271	891
Part time	31,000	30		30	240			240	300			300	540
Disadvantaged adults	111,800												
Institutional	26,000	28	14	42	560	280		840	1,084	541		1,625	2,465
OJT	14,400	24		24	480			480				480	480
OJT coupled	16,400	124	14	45	480	280	140	900	(1)	542	271	813	1,713
Welfare	25,000												
Institutional	(10,000)	28	14	42	(560)	(280)		(840)	(840)	(420)		(1,260)	(2,100)
OJT	(7,500)	24		24	(480)			(480)				(480)	(480)
OJT coupled	(7,500)	24	14	45	(480)	(280)	(140)	(900)	(336)	(196)	(98)	(630)	(1,530)
Prison inmates	5,000	28	14	42	(565)	(285)		850	(700)	(350)		1,050	1,900
NYC	15,000												
Institutional	(6,000)	28	14	42	(560)	(280)		(840)	(1,084)	(541)		(1,625)	(2,465)
OJT	(4,500)	24		24	(480)			(480)				(480)	(480)
OJT coupled	(4,500)	24	14	45	(480)	(280)	(140)	(900)		542	271	(813)	(1,713)
Other than skill training	10,000		5	5		100		100		160		160	260

¹ OJT coupled trainees only entitled to basic education and related instruction allowance costs.

NOTE.—Training cost—\$30 per week. Youth allowance—\$20 per week times 85 percent equals \$17. Adult allowance—\$43 per week times 90 percent equals \$38.70. The 90 percent

and 85 percent reflect that (1) not all trainees are eligible or entitled to allowance and (2) dropout of trainees thereby reducing allowance costs. Training costs presumably could not be affected by dropouts.

ON-THE-JOB TRAINEE UPGRADING

Mr. BROWN. In addition, I recall that Senator Bartlett did ask for the figures with regard to the allocation to Health, Education, and Welfare and that total figure for fiscal year 1967 is \$126,182,000. As I recall, Senator Bartlett also asked the Secretary what percentage of on-the-job projects were for upgrading employed workers and we estimate that an average of 20 percent of the trainees in on-the-job training programs will be involved in upgrading programs.

Of course, there will be selected programs that will go considerably higher especially in the highly skilled occupations such as tool and die maker. These kinds of programs we would expect would go to 50 or 60 percent. I might just say a word about upgrading programs because I think they are important and ought to be emphasized.

When we are to reach the critical-skill-shortage occupations, it is almost necessary to start with someone who already has part of the skill. This is what we do in the tool and die maker situation. We start with a machinist and move him up and, therefore, relieve that bottleneck or that logjam, in the terms of the joblag and all the way down the line, the machinist, the machine operator, the assemblyman, and the fellow that comes into the factory gate, there is a steady progression of opportunity.

We do think that upgrading programs are important and an important part of this program.

INSTITUTIONAL TRAINEE UPGRADING

I might just say a word, too, about the emphasis on institutional programs in this fiscal year's request. While we have broken down the categories to indicate 112,000 institutional and 112,000 on-the-job trainees, I think it is important to emphasize that part-time trainees will probably all be insitutional.

We also expect that the other than skilled trainees will be primarily institutional. The inmate program will be probably split between institutional and on-the-job training. Mr. Chairman, that summarizes my statement. I will be glad to try to answer questions.

Senator HILL. I think you covered it pretty well. I happen to be chairman of the committee which handled this legislation so that I think I am familiar with it. Is Mr. Aller going to speak to it?

Mr. BROWN. Mr. Aller will speak to the Office of the Manpower Administrator.

BUREAU OF EMPLOYMENT SECURITY

GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

STATEMENT OF ROBERT C. GOODWIN, ADMINISTRATOR, ACCOMPANIED BY W. R. CURTIS, DEPUTY ADMINISTRATOR; FRANK CASSELL, DIRECTOR, U.S. EMPLOYMENT SERVICE; WILLIAM U. NORWOOD, JR., DIRECTOR, UNEMPLOYMENT INSURANCE SERVICE; JACK DONNACHIE, DEPUTY DIRECTOR, OFFICE OF FARM LABOR SERVICE; EDWARD L. OMOHUNDRO, CHIEF, VETERANS' EMPLOYMENT SERVICE; AND MICHAEL J. NASTICK, CHIEF, DIVISION OF APPROPRIATIONS AND FEDERAL FISCAL ACTIVITIES

APPROPRIATION ESTIMATE

"LIMITATION ON GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

"(Trust fund)

"For grants in accordance with the provisions of the Act of June 6, 1933, as amended (29 U.S.C. 49-49n), for carrying into effect section 602 of the Servicemen's Readjustment Act of 1944, for grants to the States as authorized in title III of the Social Security Act, as amended (42 U.S.C. 501-503), including, upon the request of any State, the purchase of equipment, and the payment of rental for space made available to such State in lieu of grants for such purpose, and for expenses not otherwise provided for, necessary for carrying out title XV of the Social Security Act, as amended (68 Stat. 1130), **[\$524,000,000]** \$557,107,000 may be expended from the employment security administration account in the Unemployment trust fund, and of which \$12,000,000 shall be available only to the extent necessary to meet increased cost of administration resulting from changes in a State law or increases in the number of claims filed and claims paid or increased salary costs resulting from changes in State salary compensation plans embracing employees of the State generally over those upon which the State's basic grant (or the allocation for the District of Columbia) was based, which increased costs of administration cannot be provided for by normal budgetary adjustments: *Provided*, That any portion of the funds granted to a State in the current fiscal year and not obligated by the State in that year shall be returned to the Treasury and credited to the account from which derived: *Provided further*, That such amounts as may be agreed upon by the Department of Labor and the Post Office Department shall be used for the payment, in such manner as said parties may jointly determine, of postage for the transmission of official mail matter in connection with the administration of unemployment compensation systems and employment services by States receiving grants herefrom.

"Grants to States, next succeeding fiscal year: For making, after May 31 of the current fiscal year, payments to States under title III of the Social Security Act, as amended, and under the Act of June 6, 1933, as amended, for the first quarter of the next succeeding fiscal year, such sums as may be necessary, the obligations incurred and the expenditures made thereunder for payments under such title and under such Act of June 6, 1933, to be charged to the appropriation therefor for that fiscal year: *Provided*, That the payments made pursuant to this paragraph shall not exceed the amount obligated by the United States for such purposes for the fourth quarter of the current fiscal year."

Unemployment trust fund availability, fiscal year 1968

	State administration	Federal administration	Total
FUTA collections.....	\$560,500,000	\$29,500,000	\$590,000,000
Needs for Federal activities:			
Bureau salaries and expenses (base plus mandatory).....		18,328,000	18,328,000
Treasury, Office of the Solicitor, Office of the Secretary.....		9,600,000	9,600,000
Interest.....		3,600,000	3,600,000
Grants program (base plus mandatory).....	557,107,000		557,107,000
Total.....	557,107,000	31,528,000	588,635,000
Surplus or deficit.....	+3,393,000	-2,028,000	+1,365,000

Amounts available for obligation

	1967	1968
Limitation or estimate.....	\$524,000,000	\$557,107,000

Obligations by activity

	Limitation, 1967	Estimate, 1968	1968 change
1. Unemployment insurance service:			
(a) State unemployment insurance service.....	\$203,292,000	\$218,810,000	+\$15,518,000
(b) Federal unemployment insurance service.....	6,454,000	5,482,000	-972,000
(c) Administration and management.....	12,820,000	13,606,000	+786,000
2. Employment service:			
(a) Youth services.....	65,354,000	68,888,000	+3,534,000
(b) Farm.....	18,010,000	19,105,000	+1,095,000
(c) Other.....	161,654,000	172,102,000	+10,448,000
(d) Administration and management.....	21,017,000	22,295,000	+1,278,000
3. Administration and management.....	23,399,000	24,819,000	+1,420,000
4. Contingency fund.....	12,000,000	12,000,000	
Total obligations.....	524,000,000	557,107,000	+33,107,000

Obligations by object

	Limitation, 1967	Estimate, 1968	1968 change
District of Columbia Employment Service:			
Total number of permanent positions.....	290	290	
Positions other than permanent.....	6	6	
Average number of all employees.....	278	279	+1
11 Personnel compensation.....	\$2,227,500	\$2,284,700	+\$57,200
12 Personnel benefits.....	167,000	170,400	+3,400
21 Travel and transportation of persons.....	14,000	14,000	
23 Rent, communications, and utilities.....	328,000	328,000	
24 Printing and reproduction.....	21,000	21,000	
25 Other services.....	16,000	16,000	
Services of other agencies.....	152,000	152,000	
26 Supplies and materials.....	20,000	20,000	
31 Equipment.....	5,000	5,000	
Other States:			
41 Grants, subsidies, and contributions.....	521,049,500	554,095,900	+33,046,400
Total obligations.....	524,000,000	557,107,000	+33,107,000

Summary of changes

1967 limitation	\$524,000,000
1968 estimate	557,107,000
Change	<u>+33,107,000</u>

MANDATORY ITEMS

Increases:

Additional funds are needed to finance the increase in personal services costs resulting from statewide compensation plan changes effective in fiscal year 1967 and increments to be paid during fiscal year 1968-----	+\$24,341,000
Additional funds are needed to provide for the increased cost of OASI taxes provided by the Social Security Act, and adoption of or increases to State retirement and health benefit plans -----	+3,544,000
Additional funds are needed for increased costs for nonpersonal services due to higher rentals-----	+3,178,000
Increase due to growth in unemployment insurance program coverage -----	+1,543,000
Tax and wage records workloads are expected to increase because of an estimated growth in the number of subject employers from 2,569,000 in 1967 to 2,610,000 in 1968 and in the number of covered workers from 47,670,000 in 1967 to 49,200,000 in 1968.	
Increases for changes in State laws-----	+1,607,000
During the 1966 legislative session, several State legislatures enacted amendments to their State unemployment insurance laws which will increase their administrative costs in fiscal year 1968. These increased costs will be covered by contingency funds during fiscal year 1967. The additional costs which are continuing in nature, rather than onetime or transitional, must be provided for in the base budget for subsequent fiscal years.	

Subtotal, mandatory increases-----	+34,213,000
Decrease: Reduction in administrative costs for unemployment compensation for Federal employees and ex-servicemen due to lower claims workload-----	-1,281,000
Subtotal, mandatory changes-----	+32,932,000

PROGRAM ITEM

Increase: Funding of civil defense functions formerly financed by Office of Emergency Planning-----	+175,000
Total change -----	+33,107,000

EXPLANATION OF MANDATORY CHANGES FOR 1968

INCREASES

Explanation of Mandatory Salary Increase for 1968, \$24,341,000

It is estimated that the funds required for salary increases in 1968 for the positions provided in fiscal year 1967 (less the 186 unemployment insurance positions) will total \$24,341,000. Of this total, \$15,627,000 will be needed for full year cost in 1968 of State-wide compensation plan changes approved in 1967 and \$8,714,000 will be required for within-grade salary increases that will be payable in 1968.

The average annual salary rate for fiscal 1967 (\$6,400) was obtained from staffing patterns developed by the State agencies after Bureau review and approval. These staffing patterns show the actual annual salary of all staff provided in the State's allocation.

To develop a salary rate for fiscal year 1968, the Bureau asked each State to estimate the added annual cost in 1968 of compensation plan changes that have occurred or will occur in 1967. The States estimated that \$14,500,000 would be required on a full-year basis in 1968 for the positions included in the allocations at the time the estimates were made. An additional \$500,000 was included to cover increases that would occur between the time of the estimate and the end of the fiscal year, but for which estimates on a State-by-State basis had not yet been developed. On a national basis this \$15,000,000 averaged \$269 per position.

The estimates for each State and the derivation of the increase are shown in the tables below. (This table has been updated since the \$15,000,000 estimate and now totals \$16,941,131. However, the original \$15,000,000 was used as the basis for determining 1968 salary increases.)

Fiscal year 1967 allocated salary rate-----	\$6, 400
Estimated increased salary per position (based on the tentative allocation of 55,831 positions and \$15,000,000 as described above)-----	+269
Estimated average within-grade increase-----	+150
Fiscal year 1968 estimated salary rate-----	6, 819
Mandatory salary increase per position-----	419
Base positions (less reduction of 186 UI positions)-----	58, 093
Mandatory salary increase-----	24, 341, 000

As shown in the table above, in fiscal year 1968 within-grade increases are expected to average \$150 per position. This represents a 2.2% increment rate which was the 1967 allocated rate.

Full-year cost of salary increases in 1967

	Effective date	Full-year cost in 1968 of salary increases reported in fiscal year 1967 through Jan. 1, 1967
Alaska-----	July 16, 1966-----	\$3, 394
Arkansas-----	Apr. 1, 1967-----	156, 096
California-----	July 1, 1966-----	2, 080, 158
Colorado-----	do-----	168, 342
Connecticut-----	July 1, 1966, and Apr. 1, 1967-----	465, 000
District of Columbia-----	July 1, 1966-----	112, 070
Georgia-----	do-----	400, 465
Idaho-----	Nov. 1, 1966-----	95, 000
Illinois-----	July 1, 1966-----	37, 000
Indiana-----	do-----	144, 000
Iowa-----	do-----	36, 453
Kentucky-----	July 1, 1966, and Oct. 1, 1966-----	335, 107
Louisiana-----	July 1, 1966-----	503, 725
Maine-----	do-----	81, 345
Massachusetts-----	July 1, 1966, and Nov. 26, 1966-----	1, 729, 310
Michigan-----	July 1, 1966-----	1, 084, 173
Minnesota-----	do-----	248, 062
Mississippi-----	Aug. 1, 1966-----	340, 497
Missouri-----	July 1, 1966-----	372, 093
Montana-----	Sept. 1, 1966-----	99, 213
Nebraska-----	July 1, 1966-----	20, 256
New Mexico-----	do-----	73, 451
New York-----	Sept. 1, 1966-----	4, 140, 000
Ohio-----	June 1, 1967-----	216, 000
Oklahoma-----	Nov. 1, 1966-----	9, 620
Oregon-----	July 1, 1966-----	143, 568
Pennsylvania-----	Jan. 1, 1967-----	1, 195, 968
Rhode Island-----	Sept. 30, 1966-----	354, 000
South Carolina-----	July 1, 1966-----	445, 000
South Dakota-----	July 1, 1966, and Oct. 1, 1966-----	30, 682
Tennessee-----	July 1, 1966-----	206, 020
Texas-----	Sept. 1, 1966-----	538, 900
Vermont-----	Nov. 1, 1966-----	111, 444
Virginia-----	July 16, 1966-----	21, 597
Virgin Islands-----	July 1, 1966-----	11, 578
Washington-----	Aug. 11, 1966-----	297, 894
West Virginia-----	Oct. 1, 1966-----	230, 000
Wisconsin-----	July 1, 1966-----	403, 650
Total-----		16, 941, 131

The average increase resulting from full year State-wide salary increases (\$269 per position), plus the average increase resulting from within-grade increases (\$150 per position), gives a total increase per position of \$419. This amount, when multiplied by the total number of positions, 58,093, gives \$24,341,000, the amount required for salary increases in 1968.

Grants to States salary rate

	Original estimate	Revised estimate to Congress	Actual
1965.....	\$5,560	\$5,560	¹ \$5,692
1966.....	5,975	5,975	¹ 6,113
1967.....	6,397	6,275	² 6,406

¹ Includes contingency salary costs not known at time of estimate.

² Tentative adjusted allocation which does not include contingency salary costs.

Explanation of Mandatory Fringe Benefit Cost Increase for 1968, \$3,544,000

It is estimated that the cost of fringe benefits will increase from a budgeted 11.3 percent of base personal services in 1967 to 11.5 percent in 1968. Although 11.3 percent was budgeted in the current year, allocations of funds at the rate of 11.4 percent have been made based on the State agencies' needs. In addition to the 11.4 percent, a .1 percent increase will be required to provide funds for the OASI contribution increase from 3.85 percent to 3.9 percent and the Hospital Insurance increase from .35 percent to .50 percent, both effective on January 1, 1967.

STATES PARTICIPATING IN OASI

Alabama	Louisiana	Puerto Rico
Alaska	Maryland	Rhode Island
Arizona	Minnesota	South Carolina
Arkansas	Mississippi	South Dakota
California	Missouri	Tennessee
Connecticut	Montana	Texas
Delaware	Nebraska	Utah
District of Columbia	New Hampshire	Vermont
Florida	New Jersey	Virginia
Georgia	New Mexico	Virgin Islands
Hawaii	New York	Washington
Idaho	North Carolina	West Virginia
Indiana	North Dakota	Wisconsin
Iowa	Oklahoma	Wyoming
Kansas	Oregon	
Kentucky	Pennsylvania	

Actual personnel benefits cost as a percentage of total personal services cost, fiscal years 1956-66

	Personnel benefits cost	Personal services cost	Personnel benefits as a percentage of personal services
1956.....	\$10,588,000	\$177,537,000	6.0
1957.....	10,665,000	192,223,000	5.5
1958.....	15,187,000	220,371,000	6.9
1959.....	18,596,000	234,443,000	7.9
1960.....	19,099,000	238,475,000	8.0
1961.....	24,119,000	262,240,000	9.2
1962.....	26,100,000	288,696,000	9.0
1963.....	29,089,000	307,771,000	9.5
1964.....	31,465,000	312,304,000	10.1
1965.....	33,567,000	320,497,000	10.5
1966.....	38,762,000	351,301,000	11.0

In fiscal year 1967 the estimated percentage for fringe benefits was 11.3%. After review of tentative operating budgets submitted by the States, an allocation rate of 11.4% was established. In fiscal year 1968, the estimate provides for a rate of 11.5%.

Explanation of Mandatory Non-personal Services Cost Increases for 1968, \$3,178,000

The mandatory rent increase as shown below required in 1968 will be \$3,178,000.

Fiscal year 1968 rent—Premises

Required to finance full year costs of rents approved in 1967-----	\$644, 000
Required to finance new rent increases occurring in 1968-----	2, 534, 000

Increase-----	3, 178, 000
---------------	-------------

In fiscal year 1967, rent increases incurred during the year above the base allocation are expected to cost \$3,437,000. Sufficient money will be carried forward into the base to fund the full year costs in 1968 except for the \$644,000 above. New rent increases in 1968 are expected to cost about \$2,534,000 which is lower than 1967 costs and reflects an effort to restrain rising rental expenses.

Workload Increase Due to Growth in Program Coverage, \$1,543,000

Tax and wage records workloads are expected to increase because of an estimated normal growth in the number of subject employers from 2,569,000 in 1967 to 2,610,000 in 1968 and in the number of covered workers from 47,670,000 in 1967 to 49,200,000 in 1968. The resulting workloads in tax and wage record administration will require 170 positions and \$1,543,000.

Workload statistics

[In thousands]

	1965	1966	1967	1968	Increase	Increase in positions
Subject employers-----	2, 405	2, 433	2, 569	2, 610	41	138
Wage items-----	141, 879	154, 053	159, 291	164, 530	5, 239	32
Total positions-----	(7, 454)	(7, 582)	(7, 761)	(7, 931)	-----	170

The growth in covered employers in 1967 over 1966 was due principally to extensions of coverage enacted by the State legislatures in New York (domestic service employers) and Michigan (smaller employers).

Covered employment has shown a marked growth in the past three years, and the rate of gain has been accelerating during the past year. This is illustrated by the following table:

Fiscal year	Growth	Annual level
1962-----	728, 000	41, 060, 000
1963-----	902, 000	41, 962, 000
1964-----	934, 000	42, 896, 000
1965-----	1, 575, 000	44, 471, 000
1966-----	¹ 2, 229, 000	¹ 46, 700, 000

¹ Estimated for April-June 1966 quarter; prior 9 months actual.

It is assumed that the economy will continue to expand, accompanied by gains in covered employment of about 1.5 million in 1967 and the same amount in 1968. The increase in wage items is proportionate to the increase in covered employment.

Increased Cost Due to Change in State Laws, \$1,607,000

During the 1966 legislative session, several State legislatures enacted amendments to their State unemployment insurance laws which will increase adminis-

tration cost in fiscal year 1968. One State is expected to extend coverage to employers of one or more adding approximately 60,000 subject employers. In another where tax costs were shared with a State medicare program, the program has been repealed and the full cost of tax collection must be borne by the Grants limitation. Another State has changed its formula for determining benefit entitlement so as to require more information from claimants and employers and more detailed examining of claims. A fourth has changed significantly the time limits for computing employer rates and the factors involved.

In 1968, 177 positions and \$1,607,000 will be needed to pay the continuing cost of administration of these changes.

DECREASES

Reduction in Claims Workload, —\$1,281,000

Estimates for the appropriation "Unemployment Compensation for Federal Employees and Ex-Servicemen" have been reduced from \$90,000,000, appropriated in 1967 to \$65,000,000 for 1968. Administration of this program is financed under Grants to States. The reduction in administrative costs reflects the anticipated lower claims workload.

Total, Mandatory Items, +\$32,932,000.

Activity 1. Unemployment insurance service

1967 -----	\$222,566,000
1968 -----	237,898,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity includes administration of the State unemployment insurance programs which have been enacted pursuant to the Social Security Act and the Federal Unemployment Insurance Tax Act. The program operates through a Federal-State partnership in which the amounts necessary for proper administration of the State laws are borne by the Federal Government; and except for meeting the requirements of limited standards in the Federal laws, the States are responsible for developing their own programs. They are also allowed wide latitude in administering their programs while the Federal partner provides leadership and technical assistance and oversees the use of the funds granted for administration.

The two major functions are the collection of taxes from employers who are subject to State unemployment insurance laws and the payment of unemployment compensation to unemployed workers eligible under State unemployment insurance laws. The State agencies also administer locally the federally enacted programs for payments of unemployment compensation to ex-servicemen and to civilian employees of the Federal Government.

Changes for 1968

Mandatory changes.—Amount to +\$15,332,000.

Program changes.—None.

Program statistics

	1966 actual	1967 estimate	1968 estimate
Number of covered workers.....	46,118,500	47,670,000	49,200,000
Number of covered employers.....	2,433,000	2,569,000	2,670,000
State UI staff.....	24,049	22,649	22,996
Average weekly benefit amount.....	\$38.51	\$39.69	\$40.70
Average number of weeks of benefits.....	11.6	11.6	11.6
Benefits paid out.....	\$1,895,000,000	\$1,690,000,000	\$1,740,000,000
Number of workers paid benefits.....	4,345,000	3,660,000	3,660,000
Tax dollars collected.....	\$3,067,000,000	\$3,000,000,000	\$3,000,000,000
Amount of State reserves.....	\$9,003,000,000	\$10,540,000,000	\$11,790,000,000

BASIS FOR THE ESTIMATE

Budget estimates for carrying out the unemployment insurance program in the States are based on economic assumptions and the workloads associated with the assumed level of insured unemployment. From these indicators workload

estimates are projected which are translated into position requirements. Other factors such as rate of conversion to Automatic Data Processing or the fraud investigation functions do not lend themselves to a straight-line correlation in estimating costs. Budgetary needs for such functions are estimated through program analysis.

Approximately two-thirds of the staff currently required for unemployment insurance operations are engaged in taking and processing claims for unemployment benefits. These staff requirements are dictated by the volumes of claims which have been declining over the past several years but not all of them in proportion to the decline in insured unemployment. The chart appearing on GRANTS-22 reflects the relative rates of decline in the four major workloads resulting from unemployment claims from the levels of fiscal year 1963 to the averages for the 12 months ending September 30, 1966 as follows: insured unemployment, 40 percent; initial claims which are filed at the beginning of a period of unemployment, 32 percent; continued claims which are filed for each week of unemployment and are the basis for the insured unemployment estimates, 40 percent; contested claims which represent those where the claimants eligibility is subject to question on the basis of the reason for his unemployment, 24 percent; and appeals which represent formal hearings on issues of claimant eligibility, 22 percent.

The staff which has been required to handle these workloads has been reduced from 17,825 in 1963 to 11,429 in 1967. The charts appearing on pages GRANTS-23 through 28 reflect the relative declines in workloads and in number of positions required for each of the major processes. Despite the normal expectation of higher unit costs at lower output volumes, the reduction in staff has been nearly proportionate to the decline in workloads. A better assessment of productivity in these functions may be had by comparison with fiscal year 1953. Estimated benefit workloads for 1967 and 1968 are at the lowest levels since 1953 and represent an even lower percentage of covered workers than the 1953 rate. A review of productivity in this full cycle shows that productivity has improved by an average of 15 percent.

Approximately one-third of the Unemployment Insurance staff is currently required to collect taxes and to maintain records of the tax accounts of employers and the wage credits of covered workers. These workloads have increased steadily over the years and are expected to increase further as the economy grows.

However, productivity improvements since 1953 have enabled the system to absorb a 73 percent increase in tax returns with an increase of only 43 percent in tax positions and a 23 percent increase in workers' quarterly wage items with 11 percent fewer positions in the wage record functions.

Overall, the productivity improvement from 1953 has been 16.2 percent. In the absence of this productivity improvement the program administration costs would be \$27 million greater in fiscal year 1968.

To a very substantial degree, the productivity improvements have been achieved since 1953 through improved Automatic Data Processing technology which has resulted in current annual costs attributable to the Unemployment Insurance operations of approximately \$7,500,000 for equipment and programmers. (Equipment operators are charged to the production functions.) In addition, in 1968 there will be costs, not yet determined, of preparation for installation of new computer systems which will have to be financed by budgetary adjustments. In other years, these costs have ranged from \$500,000 to \$1,500,000.

There will be pilot tests of systems for processing unemployment benefit payments in local offices by linking them to a central computer through use of data communication devices. These pilot tests are expected to be operational on a limited basis by April, 1967, with expansion to a full State-wide test in at least one State late in fiscal 1968. In addition, two other States will be operating an alternative system of source data automation based on the familiar plastic plate used in credit card systems and optical scanning equipment in the central offices.

Further savings through use of Automatic Data Processing now depend primarily on major breakthroughs in source data automation. As a consequence, savings cannot be relied on for 1968 and have not been forecast in the budget projections.

Activity 2. Employment service

1967 -----	\$266, 035, 000
1967 -----	282, 390, 000

NARRATIVE DESCRIPTION OF PROGRAM

The United States has been undergoing an industrial, economic and social transformation since World War II which is reflected in a rapid increase in population, expansion of business, introduction of new production techniques with accompanying changes in jobs, widespread geographic shifts in plant location, and accelerated movement of population from rural to urban areas.

These forces of change and progress are not new. But what is new is the magnitude of the resulting problems and the inadequacy of basic legislation and many present institutions to deal effectively with many facets of these changes. Ironically, while we are entering the third year of relatively full employment and progress, poverty exists among the ghetto population of our urban complexes; among the poor whites, Negroes, and Indians in rural pockets; and among youth, older workers and the severely disadvantaged. Unfortunately, these individual and social problems are not solvable by traditional methods.

Out of our emerging awareness that new approaches are needed to deal with the economic and social problems of our day, has come a new concept: that of an active manpower policy. Essentially, such a policy seeks to achieve optimal efficiency of the job market by improving knowledge of available job opportunities, developing or increasing the skill levels of the population, and facilitating the process of matching workers and jobs. Within the past four years Congress has enacted legislation in which there are specific provisions relating to the complex of manpower problems. And in all cases, the implementation of these legislative enactments directly involves the United States Employment Service and its affiliated State agencies which constitute the Federal-State employment service system.

This system comprises a nationwide network of about 2,000 local offices administered by State agencies under Federal leadership with funds provided by Federal grants. Each local office operates as the manpower service center of the community and is primarily concerned with finding jobs for workers seeking employment, recruiting workers to fill employers' job openings, providing specialized services to job applicants who encounter serious difficulties in the job market, cooperating with other government agencies and with local groups to resolve the manpower problems of the area and providing job market information to all these users of such information.

As an aid to youth, particularly those who are inexperienced and disadvantaged Youth Opportunity Centers, provide counseling and testing services, and other specialized functions which culminate in selection and referral to educational and vocational training programs, job development, referral to the facilities of other community agencies working with youth, placement on part-time and full-time jobs, and follow-up services. The Youth Opportunity Centers also provide such services to young men turned down by Selective Service for educational deficiencies by reaching out to them through contracts at the Armed Forces examining and entrance stations immediately upon their rejection. As a part of the intensive services program to youth, personnel are out stationed in urban neighborhood areas where they contact the hard core disadvantaged youth who would not by themselves seek the services of the Employment Service.

The local offices also carry out specialized programs in vocational and employment counseling and job development for older workers, the handicapped, members of minority groups, and workers with obsolete skills. Special attention is given to the employment problems of veterans.

To provide workers and employers with a basis for making sound employment decisions and to facilitate other basic operations, local offices gather and interpret information regarding current and anticipated employment and turnover data. They prepare estimates of future changes in occupational demand and supply with particular emphasis on the effects of automation, technological change, and other industrial innovations. Job opportunity information is secured to more effectively match men and jobs, and area employment and unemployment information is prepared for use in planning, developing, and carrying out action programs and for area economic analysis.

Local offices also provide other services to employers such as job analysis, aptitude and proficiency testing and assistance in establishing in-plant training. They cooperate with community organizations seeking to expand employment opportunities through the formulation and execution of plans to develop an area's economy and maintain formal arrangements for the exchange of services and

employment information with the vocational schools, vocational rehabilitation, antipoverty and other agencies within the individual States.

In addition the system of local employment offices provides special services to the Nation's farmers and farm workers. They recruit and place year-round farm workers, help farmers meet critical seasonal labor needs and help farm workers increase their annual gainful employment. This is done by scheduling worker groups for successive seasonal jobs in different places. Local offices also organize day haul programs for youth and others not normally in the farm work force to meet peak seasonal needs. In addition to the basic placement of agricultural workers, local offices also cooperate with State and community organizations in programs seeking to improve the welfare of migrant workers and their families.

Changes for 1968

Mandatory changes.—Amount to +\$16,180,000.

Program changes.—Funding of civil defense functions formerly financed by Office of Emergency Planning, +\$175,000.

CIVIL DEFENSE

Based on Federal guidelines provided to States pursuant to Executive Order 11000, State employment security agencies have developed manpower plans and associated documents for the use of their facilities and capability in the mobilization of civilian manpower with respect to any national emergency including a nuclear attack upon the United States. Such plans and documents include individual State (in many instances local) manpower plans, individual State emergency operating procedures for the guidance of State and local employment service personnel, memoranda of understanding between State employment security agencies and departments of State government, provision for operations from an alternate headquarters site, guidelines for pre-positioning in local public employment offices of stand-by orders for key occupations in the Department of Army installations.

Heretofore, the State employment security agencies' defense readiness activities have been funded through appropriations made to the Office of Emergency Planning and allotted to them through the Department of Labor and its Bureau of Employment Security. The funds requested for fiscal year 1968 will provide the keeping of existing State and local manpower plans and related documents up-to-date and maintaining intact the existing Federal-State local capability and partnership essential for the effective mobilization of civilian manpower. To accomplish these objectives during fiscal year 1968, State employment security agencies will:

1. Serve as occupational information source to the local boards of the Selective Service System on critical occupations.
2. Maintain through updating the State plans for the emergency management of manpower.
3. Correlate the utilization of manpower to any on-going mobilization effort.
4. Maintain operating procedures and manuals for the management of manpower.
5. Maintain and test plan for continuity of State employment security operations in event of a nuclear attack.
6. Implement at State and local office level the memoranda of understanding between the Department of Labor and Federal agencies.
7. Update stand-by orders for key occupations needed by Department of Army installations in event of mobilization and pre-position in cooperation with them in local public employment offices.
8. Review local plans for management of manpower in a national emergency.
9. Implement Bureau of Employment Security guidance on adjusting manpower operations to any on-going, foreseeable, or possible mobilization effort.

A total of \$175,000 will be required for the above activities in fiscal year 1968.

BASIS FOR THE ESTIMATE

Cost elements for Employment Service activities are affected by the number and type of applicants seeking work, whether they are readily placeable or not, and by the conditions of the economy in each local office area.

Increasing population and labor force growth, especially the continuing surge of youth into the work force, the dislocations of mature workers resulting from changing technologies and plant relocations together with pressure for experimentation with in-depth services to the hard-core unemployed, will result in an increased demand for public employment office services in fiscal 1968. About 11 million job seekers are expected to register with the Employment Service in fiscal 1968. This is expected to include over 1.6 million job seekers age 45 and over, about 4.6 million youth under age 22, and a half million handicapped workers. Applicants are an uncontrollable workload for the Employment Service: only unemployment insurance claimants are required to register; all others use the Employment Service on a voluntary basis.

To maintain the quality and quantity of its services within present authorizations, the Employment Service is reviewing assignments as priorities, redirecting programs and reassigning resources from lower priority activities to program areas where the need is greatest.

Despite, and particularly as a result of, our growing economy and declining unemployment rate, the proportion of persons in the unemployed work force with severe employment problems is increasing. To alleviate this problem, it has been necessary to initiate programs such as the Human Resources Development Program, especially designed to serve disadvantaged segments of the country's population.

This recently inaugurated program is concerned with reaching out and developing the employability of the hard-core unemployed in nearly 150 major metropolitan areas plus rural areas, by providing intensive employability services, training and work experience. This also involves job solicitation on an individual applicant basis and the promotion of equal opportunity with employers on behalf of individual applicants—a difficult, time-consuming job-finding activity. The funds available in fiscal 1967 provide for a modest beginning of the Human Resources Development program. When one considers that for every person reached in the ghetto neighborhoods and referred to employment, or NYC, MDTA, or Job Corps training programs, there are five or six others who need intensive counseling and job development services. Clearly, an aggressive and comprehensive job development program is needed to complement the Human Resources Development program.

There are nearly 3 million employers in areas served by Employment Service local offices. To find the job opportunities with which workers could be matched, the Employment Service local offices must establish effective working relationships with more employers. The offices must keep informed of employers' changing needs, present the qualifications of job seekers currently available or who can be trained, and assist in the modification of job specifications to permit use of their skills. Information on labor supply and demand must also be provided to employers, educators, and other local groups to facilitate community employment efforts to improve utilization of their manpower resources. Compounding job development difficulties has been the movement of many firms to suburban areas, thereby creating additional problems of travel time and costs in job development efforts. The Employment Service must increase the scope of its job-finding efforts if it is to provide adequate assistance to job seekers residing in the central city ghetto areas.

Efforts to improve the interarea clearance system will continue in fiscal year 1968. This system provides a means of matching workers for whom no suitable job openings can be found in the areas where they reside with job vacancies in other areas that cannot be filled with local workers. Research and planning in this program will emphasize the use of automatic data processing systems, elimination of unnecessary paperwork and reduction of channels of communication.

Occupational job market information is critical to the operation of a comprehensive manpower system. A start has been made in fiscal 1967 by providing for manpower requirements and resources surveys in twenty metropolitan

areas. This program should be expanded and a national system of reporting and interpretation developed. An extensive resource survey program for metropolitan areas which would encompass a significant portion of the manpower labor force should be operative in at least 55 additional areas. All possible means of improving current operations are being explored to provide resources for expansion of this program.

The Employment Service is continuing to develop new techniques to increase effectiveness of utilization of resources. For example, a self-registration procedure is provided to save interviewing time when the applicant can prepare an adequate application himself. Another example is the use of telephone and direct mail contacts to help find jobs instead of more time consuming personal visits to employers. Such methods are used wherever these methods can most efficiently serve the job-finding purpose. Still another example is the adjustment of local office hours to assure that they are best suited to the needs of job seekers which in turn makes maximum use of staff resources.

In view of the increased demands for service expected in fiscal year 1968, it is evident that it will be necessary for the Employment Service to husband its resources carefully and utilize them in a manner that will provide fullest possible service in the areas and for the purposes where the needs are the greatest.

FARM LABOR SERVICE

Farm Placements.—In fiscal year 1966, farm placements totaled 4.3 million, reflecting a decline of 28.3 percent from the 1965 level of 6.0 million. An indeterminate portion of this loss was attributable to expanding mechanization in various harvesting activities, and as such, are beyond recovery. However, strong reasons existed for believing that much of the decline was due to contemporary difficulties and could be reasonably adjusted in the following year. Accordingly, a placement level of 5 million was estimated for fiscal year 1967. Ironically, however, while many of the State agencies initiated remedial actions and showed encouraging gains in the first four months of the fiscal year, these were offset by heavier losses in other States. The net result is a placement decline of 261 thousand (or 10.4 percent) from the experience of fiscal year 1966 for the same four-month period. The bulk of this loss, as in fiscal year 1966, was in the pool-type (day-haul) and crew placement categories, especially the former, in which placement is reported on a man-day basis.

In the course of the last few years, and particularly since the termination of the Mexican Farm Labor Program on December 31, 1964, State employment security agencies have been faced with some extremely difficult problems in the farm area. On the one hand agencies have been constantly pressed by growers to recruit and refer more capable domestic workers for harvesting activities, and this has received major program emphasis. On the other hand, while concentrating on higher performance in the selection and referral process, and in follow-up and retention services, practically all agencies have sacrificed many thousands of placement credits per year in order to conserve staff time for improved services to workers and employers. The manner of doing this was simply by ceasing to supervise many pool-type (day-haul) operations which the agencies had previously established. Only placement credit for added workers could be thenceforth claimed and reported, none for day-to-day continuity of operation. The agencies were required to maintain memoranda of attendance and duration of these unsupervised day-haul installations and to report the information annually on ES-225, Post-Season Report. However, as indicated, no continuous placement credit accrues from these unsupervised operations, neither do they constitute reportable workloads on ES-209, Report of Local Office Activities. Following is a summary of pool-type operations established by the agencies, but unsupervised in 1965:

Number of States Reporting-----	37
Number of Unsupervised Day-Haul Points-----	3,670
Estimated Man-Days of Employment in FY 1965 ¹ -----	23,653,969

¹ Does not consider time lost because of weather.

Any employment security agency is free to resume control of these operations, and if all elected to do so, it can be seen that total placement volume would exceed 20 million in any year. Office of Farm Labor Service considers that so long as a significant service continues to be given both workers and growers through these

means, it is in the interest of good management to permit it. Nonetheless, it should be recognized that the system does result in lowering the volume of reportable workload productivity.

In fiscal year 1966, agencies were encouraged to resume control of significant employment security established pool-type operations, but not at the expense of reducing quality in other program areas. Several agencies followed through; others stated they could not afford the staff. In general, agencies attach little real value to placement volume, per se, but lean strongly to the belief that greater recognition should be accorded the type and quality of service rendered the agricultural public. We concur with this. The magnitude of placement alone offers no real measurements of service, neither can it be equated with staff services. Consider, for example, placement in the following States in fiscal year 1966 and their relationship to staff services:

	Farm positions in agency	Placements	Crew and man-day placements]	Placements per staff position
California.....	333.6	164,425	[12,747]	495
Michigan.....	70.7	93,460	[56,288]	1,322
Mississippi.....	39.7	313,468	[312,922]	7,896
Texas.....	204.7	370,525	[346,320]	1,810

The States shown above are among the top farm labor users in the nation. Statistically, similar relationships between staff and placement are not uncommon in many States. Obviously, there are factors that account for the apparent imbalance. In respect to the States mentioned above, the following explanations are made:

California.—Has the most diversified crop pattern in the country—well over 200 different crops, many of them in the high labor-using category. This State is a leader in modern farm practices and management, skill and task needs are extensive and require careful selectivity. (It should be stated that the agency has had some administrative problems in respect to man-day placement work which tended to reduce productivity in this placement class).

Michigan.—This State has 21 high labor-using crops; makes extensive use of interstate workers (crews) and local day-haul operations, the latter requiring a minimum of staff screening. Skill demands growing in scope and volume with expanding mechanization, requiring increasing attention to selection and referral of job applicants.

Mississippi.—Literally a one-crop (cotton) State; volume need is for pickers and choppers, requires little screening and activities lend well to day haul.

Texas.—Historically, a one-crop (cotton) State; but growing fast in other row crops. Bulk of demand is for pickers and choppers, requires little applicant screening, and lends well to day-haul and crew operations.

In the last three fiscal years, and particularly since the ending of the Mexican Farm Labor Program, agencies have entered extensively into what is locally termed "follow-up and retention services." These services consist of many actions undertaken in the area of employer and worker relations and are designed to influence stability of the seasonal farm labor force. Although not formally programmed, "retention" services have become an integral part of placement work in many areas, particularly since the ending of the Mexican program.

The benefits to workers and employers accruing from the "retention" services have become clearly apparent. There is increasing evidence of improved working and housing conditions; better wages; longer job tenure; higher gross earnings; and decreased turnover resulting in reduced need for constant recruitment. The movement will be formally programmed for nationwide use in fiscal year 1967, and will be strongly emphasized in fiscal year 1968 and subsequent years.

Follow-up and retention services, which in some States cover as many as 30 different functional areas, admittedly take up more staff time than the simple mechanics of referral and placement, as heretofore practiced. For example, staff time related to the placement of an individual has increased from 17.5 minutes in 1964 to 35.5 minutes in 1966. Similarly, the volume of placement by individual

selection has moved from 8.1 percent to 18.2 percent of total placements in that time, reflecting greater emphasis in the selection and referral process.

Viewed quantitatively from the national aspect, placement work by the State agencies in fiscal year 1966 was 13.3 percent below projections (5 million), and 28.3 percent below experience of fiscal year 1965. It is apparent that much of the shrinkage in placement volume has been due to the practice of converting supervised pool-type operations to non-supervised status. It is equally apparent that technological advance is producing increasing demands for workers of a different caliber—men who can operate and maintain a mounting array of costly, complex field machinery and equipment, and for workers with the capability of adaptation to this machine environment.

There is ample evidence that State agencies have moved strongly to meet the new demands in American agriculture, while still serving the older order of field needs. As they relate to manpower, these transitions have demanded, and continue to demand a higher quality of service from the public employment system. Those demands were and are being met. While it is difficult or even impossible to measure "quality," the efforts expended in meeting the demands are reflected in the increasingly high ratios of placement through selection interviews, and in the increased staff time necessary to perform them. It is recognized that new standards of performance must emerge, which will lend themselves to the evaluation of both quality and quantity performance.

Activity 3. Administration and management

1967 -----	\$23,399,000
1968 -----	24,819,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides the executive leadership and administrative support services for the manpower and income maintenance programs carried out by the State agencies. It develops and coordinates plans, policies, and procedures necessary to attain national and State manpower objectives; prepares and submits budget requests supported by Plans of Service and other appropriate justifications; directs and supervises the execution of the approved budget and related programs; identifies the need for legislative authority and develops appropriate proposals; allocates resources within the agency; evaluates performance in the State and local offices, directs the collection and dissemination of economic and statistical data of value in the operation of the program; prepares and transmits required fiscal and statistical reports; provides centralized services in such activities as personnel administration, administrative and business management, staff training, electronic data processing, and civil defense planning; and, develops and maintains all major relationships outside the agency with groups having an interest in the employment security program.

Changes for 1968

Mandatory changes.—Amount to +\$1,420,000.

Program changes.—None.

Basis for the Estimate

During the past several years the total number of personnel provided for program operations has increased, without increases in the staff resources which are called upon to provide the administrative support to program operations. It should be recognized that program modifications have an impact on the administrative support services, which are called upon to recruit and train employees in new or revised programs; to amend organizational structures and implementing instructional material; to make space arrangements; to procure and provide equipment, supplies, and other facilities for the increased staff; and, to evaluate performance and account for the disposition of additional resources. Because the increased workload in the administrative management functions has been absorbed without additional positions, the fiscal year 1967 base for this activity is considered an absolute minimum.

Activity 4. Contingency fund

1967 -----	\$12,000,000
1968 -----	12,000,000

NARRATIVE DESCRIPTION OF PROGRAM

The purpose of the contingency fund is to assure that funds will be available to meet increased costs of administration resulting from changes in a State law or increases in the number of claims filed and claims paid or increased salary costs resulting from changes in State salary compensation plans which are applicable to employees of the State, generally.

Changes for 1968

Mandatory changes.—None.

Program changes.—None.

Basis for the Estimate

Estimates for the contingency fund are based primarily on experience. The following table reflects the contingency earnings in the past year and the estimate for fiscal years 1967 and 1968. The increase in 1968 results from anticipated salary increases and changes in State laws since 47 State legislatures will be meeting in 1967.

	1966 actual	1967 estimate	1967 estimate
Salary increases.....	\$15,090,827	\$13,000,000	\$15,000,000
State law changes.....	3,206,895	1,000,000	3,000,000
Workload increases.....	2,658,758	1,500,000	1,500,000
Total earnings.....	20,956,480	15,500,000	19,500,000
Financed from contingency.....	2,387,000	12,000,000	12,000,000
Financed from normal budgetary adjustments.....	18,569,480	3,500,000	7,500,000

EXPLANATION OF ADMINISTRATIVE ADJUSTMENT TO FISCAL YEAR 1967
FINAL ACTION

The fiscal year 1967 Grants to States appropriation was realigned to provide a more equitable distribution of both positions and dollars. The 1967 final Congressional action contained 51,993 direct operating positions and 6,286 overhead positions. Of the direct operating positions 53 percent performed employment service functions while 47 percent served under the unemployment insurance activity. Despite the fact that the Employment Service maintained the larger portion of direct positions, the 6,286 overhead positions were apportioned with 41 percent to direct Administration and Management; 34 percent to the Unemployment Insurance Service and only 25 percent to the Employment Service. This obvious imbalance of overhead distribution evolved over a period dating back to 1963 when the Unemployment Insurance Service's operations were greater than the Employment Service's. At that time, a distribution of overhead positions was based on the personnel strengths of the two services. In the ensuing years, the majority of direct operating positions swung from the Unemployment Insurance Service to the Employment Service. This took place due to the steady decrease in insured unemployment and the continued increase in employment service programs. However, the distribution of overhead positions was never adjusted to reflect this shift.

To make the overhead distribution more realistic, a review of the administrative, staff and technical services positions was conducted by the Employment Service, the Unemployment Insurance Service and the Administration and Management Service. Each of the sixteen categories which comprise the Administrative Staff and Technical function were reviewed to determine which service was the beneficiary of the various support categories. The resulting action was a reduction in Unemployment Insurance and Administration and Management Service positions which subsequently were credited to the Employment Service. In addition, the review concluded that some positions were being utilized in areas other than their budget activity designation. For example, an inspection of the building maintenance function revealed an inequitable distribution between the Unemployment Insurance Service and the Employment Service. To properly charge the total building maintenance positions between these two activities, the Employment Service became the recipient of positions formerly carried under the Unemployment Insurance activity. The net effect of the above position

adjustments and the corresponding dollar changes are illustrated in the table on the following page.

Administrative adjustment to fiscal year 1967 final action for limitation on grants to States

[Dollars in thousands]

Activity	Fiscal year 1967 final congressional action		Fiscal year 1967 final action adjusted		Change	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
1. Unemployment Insurance Service:						
State unemployment insurance service.....	23, 588	220, 222	23, 139	203, 292	-449	-16, 930
Federal Unemployment Insurance Service.....	735	6, 140	735	6, 454		+314
Administration and management.....	2, 122	16, 342	1, 460	12, 820	-662	-3, 522
Total, activity 1.....	26, 445	242, 704	25, 334	222, 566	-1, 111	-20, 138
2. Employment Service:						
Youth.....	6, 616	65, 354	6, 616	65, 354		
Farm.....	2, 051	16, 310	2, 051	18, 010		+1, 700
Other.....	19, 003	149, 712	19, 227	161, 654	+224	+11, 942
Administration and management.....	1, 569	12, 610	2, 392	21, 017	+823	+8, 407
Total, activity 2.....	29, 239	243, 986	30, 286	266, 035	+1, 047	+22, 049
3. Administration and management.....	2, 595	25, 310	2, 659	23, 399	+64	-1, 911
4. Contingency.....		12, 000		12, 000		
Total.....	58, 279	524, 000	58, 279	524, 000		

Mr. GOODWIN. Mr. Chairman, we have three appropriations, the first and largest one being the appropriation on grants to States. I would like to insert my formal statement on this appropriation in the record at this point.

(The statement follows:)

Mr. Chairman and Members of the Committee, the estimate of administrative costs to operate the employment security system in the States is \$557,107,000 for fiscal year 1968. This estimate contains no program expansion and is financed entirely from trust fund revenues. The increase of \$33,107,000 over last year's limitation provides only for mandatory costs, primarily salary increases of State personnel, and a small amount for emergency preparedness functions previously funded by the Office of Emergency Planning. Before I discuss the 1968 program in detail I would like briefly to describe the employment security system, and make a general statement on the economic conditions which influence the estimate.

FEDERAL-STATE EMPLOYMENT SECURITY SYSTEM

The employment security program can be described as a joint Federal-State endeavor to assist people to prepare for and to get jobs, and to help them through periods of involuntary unemployment. In meeting these objectives the program helps stabilize the Nation's economy.

The major programs of the employment security system are the employment service and unemployment insurance. The first is a nationwide network of about 2,000 public employment offices which finds jobs for people and people for jobs; the other provides payments to insured unemployed workers during periods of involuntary unemployment between jobs. The responsibility for carrying out these programs is shared by the States and the Federal government. This partnership gets the programs to the workers and employers of America through the Federal-State employment security system.

The Bureau of Employment Security, as you know, is the Federal partner. Each State has a department of State government which administers the State's part of the employment security partnership. Similar agencies are found in the District of Columbia, Puerto Rico, the Virgin Islands, and Guam.

Perhaps a few statistics will give you an idea of the magnitude of our work. For example, in fiscal year 1966 more than 10 million jobs were obtained for American workers. Over a million individuals received special job counseling.

More than that were given occupational tests. More than 4.5 million unemployed workers received unemployment insurance benefits amounting to \$2 billion. The State employment security agencies collected over \$3 billion in taxes from 2.5 million employers.

Administrative costs for the operation of the employment security programs are met from Congressional appropriations, with 100 percent grants being apportioned by the Bureau to cooperating State agencies. Taxes paid by employers under the Federal Unemployment Tax Act are the principal source of funds for the Congressional appropriation. However, there is authorization for general revenue appropriations for the employment service under the Wagner-Peyser Act and the Congress has made an appropriation based on this authorization.

The employment services provided run the gamut—from helping a high school student find a summer job to helping an employer staff a new plant, to helping a local community attract new industry.

Recent legislation such as the Manpower Development and Training Act, the Vocational Education Act, the Economic Opportunity Act, and the Civil Rights Act has given new responsibilities to the Employment Service. It is actively involved in various antipoverty programs, particularly in helping disadvantaged groups to become employable through occupational training programs.

And now we are undertaking even more in this area of assisting the disadvantaged and so-called hard-to-employ or unemployable people and giving them a chance to work. Our plan is to "reach out" to all who are willing to work regardless of age, sex, race, color, creed, educational level, or physical capacity to help them find a productive place in the American economy.

Helping persons when they are unemployed through no fault of their own is the chief purpose of the Bureau's unemployment insurance program. Unemployment insurance benefits help persons to meet their essential, nondeferrable expenses and it acts as an economic stabilizer in times of unemployment.

Involved in the unemployment insurance program are taxes, benefit formulas, actuarial statistics, the taking of claims, the calculation of benefits due, and the payments of benefits—all these and many more, with the end product people helped in time of need.

I have touched on only some of the highlights of the employment security program. If any member of the Committee has questions I will be glad to expand on the subject.

ECONOMIC ASSUMPTIONS

Economic conditions throughout the country have an important impact on both the volume of activity required of the State employment security agencies, and the nature of that activity. Work loads of different parts of the program may be affected in opposite directions. For instance, State claims loads decline with high employment while tax collection activities and certain kinds of record keeping increase. Thus, our assumptions with respect to economic developments during fiscal year 1968 are keyed to an understanding of our request for funds to carry out the work.

Assuming no major change in the international situation, we believe, in general, that the economy will continue to expand during the coming year, although at a slower rate.

The net effect of this assumption is the expectation that both total and non-agricultural employment will increase steadily, excepting for seasonal movements. Accompanying the increase will be a growth both in the number of establishments subject to State unemployment insurance laws, and in the number of workers employed in these establishments. Both these developments have direct workload implications for the State agencies.

With respect to insured unemployment, we are assuming that the average weekly volume is already as low as it is likely to go, particularly as the number of workers covered by unemployment insurance (and hence entitled to benefits when they become unemployed) is rising steadily. Average weekly insured unemployment was down to a seasonally adjusted level of 1 million in the second quarter of fiscal year 1967. We are assuming the average weekly volume for fiscal year 1968 will remain at this level of 1 million.

While our overall assumptions with respect to fiscal year 1968 are, I believe, optimistic, you will recognize that they create heavy demands upon the employment security system. In some areas, industries, and occupations the system will be called upon to conduct intensified recruitment and training campaigns in order to meet specific labor shortages; simultaneously, other offices will be involved in problems of temporary local unemployment resulting in increased claims activities and in the need for extensive programs of job development.

Furthermore, even though employment is assumed to rise and unemployment remain low, there are many among the 3 million now unemployed who do not fit into available jobs. These unemployed, plus others who have become discouraged by failure to find work, will need help through such services as training, or education, or counseling in order to make them employable.

In summary, fiscal year 1968 promises to be a year of active and varied demand for the services offered by the employment security system and we must adequately prepare to meet these demands if we are to play our full part in the social and economic development of the country.

ADMINISTRATIVE IMPROVEMENT STUDIES

The Bureau has contracted for two studies which we believe will have great significance and result in greatly improved operating effectiveness. I would like to discuss them briefly.

The management consulting firm of Cresap, McCormick, and Paget was awarded a contract to study the systems used by the Bureau to allocate and supervise the expenditure of funds granted to State employment security agencies. The final report of the study was received on September 22, 1966, and its recommendations have been accepted in principle. The recommendations were reviewed with a Committee of the Interstate Conference of Employment Security Agencies and with the Federal Advisory Council. Both of these groups endorsed the general direction and objectives of the recommendations. The major recommendations include:

1. The development of broad national goals and objectives to provide a framework for State planning, and the establishment of policies that will provide for the assignment of greater responsibility to the States for program planning, evaluation, and financial administration.
2. The use of local and State plans of service to provide a vehicle for expressing local and State needs in program planning and budget requests, and a basis for subsequent measurement of accomplishments.
3. The use of a Federal-State evaluation system based on a program of self appraisal at the local and State levels complemented by a Bureau monitoring program to assure adequacy and accuracy in the State's evaluation program.
4. The development of a management information system which would include cost accounting and measurements of performance effectiveness to provide the necessary information for decision making at all levels of the employment security system.

The study also suggested that a reorganization and redirection of the Bureau's resources would be necessary to fully implement the recommendations in the report. Accordingly, a contract was let to Cresap, McCormick and Paget on September 19, 1966, to study the Bureau's organization and recommend appropriate changes. A report is due March 19, 1967.

Developmental work on the major recommendations is well underway in the Bureau, with State participation in all phases of the work. Several years will be required to implement fully the recommendations in the report. The developmental work has not yet reached the point to permit us to estimate the new resources that will be needed in the States. We will, however, insure that all possible avenues of savings are taken into account in the development of any estimate of additional resources needed.

The increasing complexity of employment security programs emphasizes the need for local plans and local administration. These recommendations place a premium on local and State capability in meeting local needs. Again, several years will be required to implement the recommendations fully.

The second study concerns the needs of the employment security system for automatic data processing equipment. A contract for such a study was let in June of last year to the Auerbach Corporation, a Philadelphia management consulting firm.

At no time since its inception has there been a more urgent and critical need to improve the management and use of automatic data processing in the employment security system. This arises from the ever-increasing demands for more information from public and government sources on basic program plans and

operations, the administration of new programs, and the need for additional and more accessible information on manpower requirements and resources.

While there is this urgent need for greater use of ADP I want to make it clear that State employment security agencies have been leaders in State governments in utilization of ADP. This has been concentrated almost entirely in the field of unemployment insurance and we are continuing to progress in that field with an ever-increasing number of States installing computers and with experimental projects under way in uses of data transmission and source data automation. In other employment security programs there has been only very limited use of ADP principally because of the greater difficulty of converting them to electronic systems.

The Bureau, through its own resources, attempted to develop an overall plan for the full application of computer technology throughout the employment security program. When experience demonstrated that the Bureau did not have sufficient technical staff resources to carry out a study of this magnitude and complexity, the contract was negotiated to conduct the study, develop a conceptual data systems design, prepare systems specifications and assist in the implementation of the model systems.

The contract requires that primary emphasis be given to automating manpower functions and operations, and to determining the feasibility of establishing regional data processing centers. The contractor will evaluate the feasibility of expanding to all occupations and other geographic areas our experimental project (Project LINCOS) of computer selection of job applicants to meet employer orders.

Although these new systems will greatly improve our ability to manage resources and to determine where and to what extent economies in operations may be effected, the systems will not be in full operations for several years. In the meantime, however, we are not overlooking any immediate prospects for increasing efficiency of operations and for prompter shifting of funds to work of high priority. Both Bureau and State staffs are continuing to give emphasis to this responsibility.

FISCAL YEAR 1968 INCREASES

Of the total requested increase of \$33,107,000 over last year, all but \$175,000 is for mandatory items. This amount is for emergency preparedness functions which have been funded by allocation from the Office of Emergency Planning in the past.

The net increase for mandatory items is \$32,932,000. Of this, \$27,885,000 is for salary and fringe benefits increases and \$3,178,000 is for rental increases.

The remaining mandatory increases are related to unemployment insurance. These mandatory increases are of two types. The first, amounting to \$1,543,000, is the result of continued normal expansion in the economy and arises from the growth in the number of workers protected under State unemployment insurance laws and the growth in the number of employers subject to tax provisions of those laws. Covered employment has shown substantial growth over the last three years and is now expected to reach a level of nearly 50,000,000 workers by the end of fiscal year 1968. During fiscal year 1968 this growth will result in additional 1,500,000 newly covered workers. The number of employers subjected to State unemployment insurance laws is expected to increase by 41,000 during 1968, which will bring the number of employers in the system to a total of 2,610,000 by the end of the year.

The second mandatory increase related to unemployment insurance amounts to \$1,607,000 and will be needed to cover the estimated continuing costs of administering changes in State unemployment insurance laws. The first-year cost of such change is paid out of the contingency fund.

As reflected in the budget for benefits to ex-servicemen and Federal employees the volume of claims under these programs are assumed to be lower than previously estimated. Consequently there are mandatory reductions of 186 positions and \$1,281,000 to reflect the lower administrative cost.

FISCAL YEAR 1968 PROGRAM

Even though we are not requesting any program increases I would like to talk briefly about our program plans for 1968.

UNEMPLOYMENT INSURANCE

One of the most important developments in unemployment insurance in recent years has been the decline in the number of claims filed. We believe the claims workloads reached a minimum a few months ago and the budget estimate is based on the assumption that they will remain at this minimum level during 1968.

The tables and charts appearing in the justifications on page Grants 22 through 28 in the estimate graphically illustrate the rate of decline in the workloads and staff of four principal claims activities from the level in fiscal year 1963 through the claims estimated in 1967. During this five year period, initial claims have declined 32%, continued claims 45%, contested claims 33%, and appeals 31%. The staff connected with this workload has also declined from a yearly average in 1963 of 17,825 to 11,429 in the current fiscal year, representing a reduction of 36%.

For 1968 we assume that claims workloads under the State program will continue at the 1967 level, and there is therefore no change in the budget estimate for the State claims operations. Continued growth in coverage because of economic expansion and current changes in State laws do result in some mandatory requirement for additional resources, as I indicated earlier.

EMPLOYMENT SERVICE

As I outlined to the Committee last year, operations of the nationwide network of local employment offices—manpower service centers in their communities—were undergoing substantial changes in program. These changes are continuing. In our current economic situation, there are not sufficient experienced workers available to meet the needs of industry. For many an employer, an essential solution is to utilize our unused labor force—the disadvantaged workers, the older workers, and the other groups passed over by a prosperous economy.

The role of the employment service is therefore a double one: to match available experienced workers with job opportunities, and to work with employers, new labor entrants and the hard-core unemployed to help solve the employability problems of the workers and the vacancy problems of the employers. The latter role involves one of the major concentrations of effort of the employment service which, as a concept, we call Human Resources Development. During 1968, both roles will be pushed vigorously.

In the upcoming fiscal year about 11 million jobseekers are expected to register with the employment service. This will include some 1.6 million at age 45 and over, 4.6 million youth under age 22, and a half million handicapped persons. Each of these groups is a segment of the total group with which we are concerned in the concept of Human Resources Development.

This is a concept intended to coordinate the activities of many agencies and programs with employment service activities to facilitate the ultimate placement of a worker in a job in which he can perform with satisfaction to himself and his employer. Essentially Human Resources Development provides a comprehensive service designed to aid individuals in planning their future and in arriving at a decision about their jobs and careers.

It includes comprehensive arrangements with other governmental and non-governmental agencies for necessary supportive services which are available to assist in making the worker more employable. The Human Resources Development concept, in short, includes outreach to seek out the worker, personalized help to solve obstacles to his employability, finding a job or developing one for him, after his placement, follow-up assistance to him and to the employer to help assure proper adjustment to the world of work. As a result, individuals may be referred to a job, remedial services available from other agencies, a training program under the Manpower Development and Training Act, preparatory programs preceding training. Neighborhood Youth Corps, Job Corps, or some form of work experience in whatever combination of programs or activities that provide the appropriate sequence of growth and preparation for the individual.

Another important phase of the Human Resources Development program is employer relations. It would jeopardize the success of the effort to prepare workers for jobs if there are no jobs available for them. Also, prospect of a job at the end of an intensive effort is a great incentive and motivating factor to the worker. The real effectiveness of worker outreach is directly related to the ability

to have an effective employer relations program that will provide the necessary jobs.

To satisfy the needs of both employers and workers, there must be a job market information program. This involves information such as where jobs are, what is required in the job, where they are expanding, declining, and whether they are permanent or temporary. This supporting information is indispensable to the operation of the system and must be an integral part of every employment office and youth center. It is invaluable to both the private and public sectors in planning to avoid labor shortages.

The efficient administration of our basic employment service programs and those established to carry out the added responsibilities which have evolved over the years, especially since 1960, have necessitated the establishment of new goals and priorities during 1967 and 1968. These goals are intended to achieve the fullest utilization of the Nation's human resources and maintain a balanced utilization of available staff and funds in accordance with Congressional intent. These goals are encompassed in four major categories as follows: Human Resources Development, Job Development and Placement, Manpower and Employment Information, and Administrative and Technical Support.

Redirection of programs, redesignation of staff resources and reassessment of plans on a continuing basis are being undertaken to meet our objectives.

I have discussed the Human Resources Development program in broad terms. I would now like to refer to some of its components.

Services to Older Workers

Our older worker program is designed to provide specialized services to persons over 45 who are experiencing difficulty in securing or holding jobs primarily because of age. This group includes those persons with obsolete skills, a substantial portion of the long-term unemployed; widows forced to return to the job market with little or no work experience; men who suddenly become unemployed because of automation or other factors and who have very little idea of how to secure another job; and many retirees in need of part-time employment to supplement their retirement incomes.

During fiscal 1966, the Employment Service initiated a systematic program for intensified services to older workers which consisted of special services units in five metropolitan areas. Specialists in these units provide a comprehensive and concentrated program of service adapted to the needs of older workers in the communities in which they are located. For the short time these units have operated, significant results in terms of placement services to individuals, who may have otherwise remained unemployed and exhausted their resources or forced onto welfare rolls, have been achieved.

During 1967, the Employment Service has installed similar units in 20 additional cities.

Services to Youth

In the past three years significant new resources have been granted to the States for intensive counseling and placement services for youth. We have created and staffed Youth Opportunity Centers in metropolitan areas and added to youth service staff in other local employment offices.

In the urban areas Youth Opportunity Centers are located close to slum neighborhoods, and are set up to serve *all* youths and *not* just the disadvantaged. However, with the initiation of the Human Resources Development program directed toward slum residents, greater numbers and proportions of disadvantaged youth will be channeled into the Center as well as to local employment office facilities.

We estimate the current youth population to be 20.2 million, and in fiscal year 1968 the number will increase by 1.0 million. Services will be provided to youth, in cooperation with Community Action programs in slum neighborhoods, as a part of the program to meet the very complex problems confronting these youth.

The annual President's Youth Opportunity Campaign is also reaching larger numbers of youth needing summer employment. In fiscal year 1967, some 900,000 youth applied for summer jobs at the employment service. This campaign resulted in more than 700,000 agricultural placements and over 240,000 non-

agricultural placements by the employment service. We anticipate that these numbers will increase substantially in 1968.

Another important part of our youth program is the Apprenticeship Information Centers. These Centers, in cooperation with the Bureau of Apprenticeship and Training, assist youth to obtain apprenticeship opportunities. The Centers, which operate in major cities, direct their activities primarily toward assisting members of minority groups to enter apprenticeable trades.

Services to Minorities

To help members of minority groups overcome the effects of discrimination and disadvantage, the employment service exerts special efforts such as intensive recruitment and job development.

Members of minority groups have long been denied employment opportunities for reasons not related to performance requirements or occupational qualifications. Such denial prevents full utilization of the labor force and, in many cases, constitutes a violation of the Civil Rights Act of 1964 as well as State and local statutes. There is a special emphasis reflected in all regular employment service functions and specialized services to assist minorities to counteract artificial restrictions and compete favorably in the job market.

Currently, 101 minority groups specialists are allocated to the States. It is their responsibility to provide leadership in the planning and development of programs for serving minority groups, to provide functional supervision of local office activities, to evaluate the effectiveness of services to minorities, and to cultivate and maintain good working relationships and further cooperative efforts with such organizations as the Urban League, the NAACP, the League of United Latin-American Citizens, and other national, State and local organizations concerned with the social and economic problems of minorities.

Services to Handicapped

During fiscal 1968, it is expected that some 500,000 handicapped applicants will be served by employment offices. Illustrative of the specialized services provided this group are the following: 25,000 will be referred to State Divisions of Vocational Rehabilitation for assistance; about 5,000 parolees and probationers will require specialized counseling, selection and referral for training or placement; an estimated 100,000 persons, released from mental hospitals, will require special counseling and placement assistance; a number of persons who have other handicaps such as arrest records and discharges from the military services under other than honorable conditions need help.

Currently, we have 107 specialists who are working toward improving the quantity and quality of local office service in behalf of the handicapped. These specialists develop programs, train local office staff in providing service to the handicapped, and evaluate the effectiveness of the services provided.

Job Development and Placement

Our second major goal is job development and placement. Business and industry provide the major share of job opportunities and they rely more and more on the Federal-State Employment Service for advice on hiring policies and training programs for dealing with those inadequately educated or unprepared for employment.

The employment service must provide leadership and coordination of efforts, disseminate information, and conduct a continuous program of job development activities in cooperation with employers.

Directly related to the services to employers is the need for a strong placement service to match workers with jobs. Work applications, processed for 10.4 million persons in fiscal year 1966, are expected to increase in fiscal years 1967 and 1968 because of population growth and outreach activities. The latter will bring more hard-to-place applicants into local offices, thereby increasing the demands on placement staffs, intensifying the need to develop more effective placement processes, and increasing the need for further job development.

Mass lay-offs by plants which close or relocate result in severe hardships on workers affected. To cope with these problems, special mass lay-offs teams, as well as regular local office staff have been successful in developing reemployment programs for the workers affected. These programs involve community leaders and local employers, retraining programs, interarea recruitment and where needed, referral to community agencies which provide health, social welfare,

legal and financial assistance, special mass lay-off units have been established in 14 States.

Manpower and Employment Information

The Job Market Information program serves industry and workers both directly and indirectly. Information on local, State and national labor force conditions, and projections of future conditions, are furnished directly to workers seeking jobs. The same kind of information is furnished to employers seeking workers for a current job opportunity as well as facts on which to base a decision on plant locations. Indirectly, such information serves their needs by forming the basis for analysis and planning by the employment service and other manpower agencies as well as by other manpower experts and business. A fully comprehensive job market information program is essential to adequate service to the nation's workers and businessmen.

We are seeking advice on how to make the program more useful through the establishment of a Research Advisory Committee. This Committee, chaired by Dr. Arnold R. Weber, Professor of Industrial Relations, Graduate School of Business, University of Chicago, is broadly representative of industry, labor, minority groups, universities, vocational education agencies, and others with a comprehensive understanding of urban and rural manpower problems. The Committee is charged with the responsibilities of (1) determining the kinds of information required by the Employment Service and local employment offices to carry out their role as manpower agencies; (2) reviewing the availability of data from the Department of Labor and other sources to meet emergent and changing needs; (3) evaluating the means by which area job market data are collected and analyzed; (4) reviewing the means by which such data are distributed, both internally and externally; and (5) formulating recommendations for improving the coverage, quality, and utility of this information.

Administrative and Technical Support

Plans of service are operational plans which identify needs of jobseekers, employers and the community for manpower services and identify the agencies and organizations which can provide needed supportive services to jobseekers. They develop the service objective to be accomplished for a fiscal year and provide a basis for the assignment and utilization of staff resources. They also provide a basis for appraisal of the results obtained and resources utilized.

They are being systematically installed and tested with the help of national and regional office staff. As they are installed in selected local offices, State agency staff make installations in other local offices. To facilitate this, training programs involving new techniques and methods for improving local office management and supervision are being developed.

SERVICES TO VETERANS

The public employment service is committed to providing all veterans "the maximum of job opportunity in the field of gainful employment." This includes not only such basic services as employment counseling and job referral, but also new and expanded services designed to meet the particular employment needs of the post-Korean Conflict veterans. To meet these requirements within current staff resources presents a major challenge to the public employment offices.

FARM LABOR SERVICE

Mr. Chairman, I should like now to turn to our programs for the rural work force. I am glad to be able to report that 1966 was a year of progress for farm labor. Production of most crops was up. Farmers generally received higher prices for their products, workers received higher wages, and we made further progress in eliminating our dependence on foreign labor. In this connection, we can report that foreign worker use has fallen from 200,000 in 1964 to 35,000 in 1965, and to only 20,000 in 1966. Foreign farm workers were used in twenty-nine States in 1964. This number was reduced to twelve in 1965, and to eleven in 1966.

However, I do not wish to imply that there were no problems. There were many difficult problems, and many problems remain. A basic problem of rural America is a combination of unemployment and underemployment. In 1959 there were 816,000 unemployed workers in rural areas. But underemployment was equivalent to the full-time unemployment of another 2,217,000 workers. In all

unemployment and underemployment combined were equivalent to 18 percent of the rural labor force.

I should like to describe some of the things which employment security is doing to meet that basic problem, and how we propose to strengthen that contribution.

According to U.S. Department of Agriculture estimates, as many as 466,000 individuals worked as agricultural migrants at some time during 1965. We seek to assist these migrating individuals through the interstate clearance program and the Annual Worker plan. Many migrants can be given training which will channel them out of the migrant stream. In most instances, this is probably the most valuable service we can provide to the individual worker and to the economy.

We propose to broaden the Annual Worker plan to include a substantial number of other jobs in rural areas, especially in the canning and food processing industries. It will be structured, where feasible, to provide interlocking periods of local farm and non-farm employment, thus reducing the necessity for frequent migrations.

We will also improve services to migratory farm workers by improving our own ability to exchange labor information. The rapid communications system put into effect this year to link our national and regional offices is an important step in this direction. We are now seeking to make this teletype system available to all the States. When this becomes possible, information on the availability and need for both seasonal and permanent workers can be exchanged in a fraction of the time now needed.

A second large group of rural workers needing assistance is made up of those planning to relocate permanently to some other area. Their number averaged close to a half-million annually during the 1950-1960 period.

Workers planning permanent migration have needs differing from those of seasonal migrants. They need to know what their chances are in an urban labor market. They need to know how to increase those odds through some form of skill training.

Currently, we provide services to this group in a number of ways. We have employment offices in many rural areas that are available for assistance. Also, many benefit from contact with the Smaller Communities Program teams which are operated by the employment service in 15 States. Some prospective relocatees are also currently being assisted by contact with farm labor service representatives who work out of local employment offices in the rural areas. Too, some are being helped through the labor mobility demonstration projects. Ten of the 16 projects completed during the first year of this program's operation in 1965 concerned the movement of workers from rural to urban areas.

The rural-urban migration can be expected to continue, and we propose, to the extent that resources will permit, to extend our services to this group.

The third large group of rural workers we serve is made up of non-migrants—those having no current plans for either permanent or seasonal migration. In 1965, over 3.1 million individuals did some farm wage work. Some of these workers by custom seek seasonal work; some, year-round jobs. Some depend solely upon farm employment. Others supplement this with off-farm employment.

To meet the employment needs of this group, our program must include supporting services of the same sort available in urban areas. This means job development, selective placement of workers needing special assistance, and referral to both farm and non-farm training opportunities. It is also imperative that counseling and testing facilities be made available to these workers. Only in this way can we properly assist them in preparing themselves to meet changing conditions of employment in rural areas.

We are experimenting with two approaches to the provision of more adequate service to the rural work force. One of these is through the Smaller Communities Program which I mentioned earlier in my statement. Under this program mobile teams of specialists are formed, which then go to rural areas for whatever period is required to provide services. The other approach is to establish and staff a central facility in a large rural area and then to provide specialized services either at the central facility or through visits to satellite offices located away from the central facility. Both these approaches give great promise.

A most important contribution to the improvement of the earning potential of the rural work force is being made through training programs. In the four years during which Federally-sponsored manpower training programs have been operating under the Area Redevelopment Act and the Manpower Development and

Training Act. over 25,000 individuals have been approved for training in agricultural occupations.

There is, of course, also a need for expansion of services to farm employers. Farm labor service representatives now provide technical assistance to employers in matters such as the assessment of labor needs, job analysis and simplification, employer-employee relations, and the general area of improvement in working and living conditions. We propose to expand these services, because they result in reduced labor turnover, increased worker productivity, and higher wages.

In brief summary, Mr. Chairman, within the limits of our resources, we propose to improve the kind and quality of services which are available to rural workers; to seek out and train the hard to train; to make additional services available to farm employers in an effort to anticipate and solve various labor problems before they occur.

CONTINGENCY FUND

Financing the State employment security agencies involves unusual aspects not present in the usual appropriations to Federal government agencies for their salaries and expenses. These unusual aspects are the results of outside influences on State agency costs. In recognition of the mandatory nature of these costs, the Congress, since 1950, has provided a contingency amount within the grants to States limitation. Specifically, the contingency amount is available to meet increased costs of administration resulting from changes in State law, increases in the claims workloads, and changes in State compensation plans over those provided for in the State's basic grant.

An illustration of the problem is furnished by the current situation. This year 47 State legislatures will be in session. Some of them will increase salaries for State employees generally, and some will amend their unemployment insurance laws so as to require the State employment security agencies to perform new or additional work. Generally, the increased costs resulting from such action would begin about July 1, 1967, or shortly thereafter. At the time we prepared the estimate now before you, we could not anticipate these actions of the State legislatures. Therefore, they have not been included in the appropriation base for 1968. However, this appropriation request, like those since 1950, provides a contingency amount. For 1968 this is \$12,000,000. When the increased costs of law changes and salary increases become known, the allocations for the specific States in which they occur will be increased as required. In FY 1966, contingency funds were granted to 34 State agencies for the increased costs of law changes, and to 49 State agencies for salary increases.

As I indicated earlier, the contingency amount is available also to meet sudden increases in the claims workloads. These increases usually arise from a worsening of the economic situation, a plant closing, or a temporary lay-off involving a large number of workers in a specific State. Such changes in the economy are felt very rapidly at the local employment security offices, and a rapid increase in staff is required to avoid delays in the payment of unemployment insurance benefits to the workers affected.

Prudent fiscal management dictates that before additional funds are provided for these increased costs consideration be given to savings which have occurred in other areas of administration. This is required by the language of the appropriation, and the principle is followed by the Bureau in approving requests for use of contingency funds.

Mr. Chairman, this concludes my statement on the estimate for Grants to States for Unemployment Compensation and Employment Service Administration.

BUDGET REQUEST

Mr. GOODWIN. Mr. Chairman and members of the committee, the Bureau of Employment Security request is \$557,107,000 to operate the employment security system in the States in fiscal year 1968.

This total includes no new funds for program expansion. It provides for a net increase of \$33,107,000 over last year but mandatory items account for \$32,932,000 of that amount.

Senator HILL. When you speak of mandatory items for the record, tell us what those items are.

Mr. GOODWIN. Yes. Let me first say, Mr. Chairman, that the remaining \$175,000 is for the emergency preparedness manpower functions which were previously funded by the Office of Emergency Planning.

You recall the Secretary made reference to that yesterday in his testimony.

MANDATORY ITEMS

Now, of the \$32,932,000 net increase for mandatory items, \$27,885,000 is for salary and fringe benefit increases, \$3,178,000 for rental increases, and the remainder reflects increased costs resulting from growth in the number of workers and employers covered under State unemployment insurance laws and changes in State unemployment insurance laws. There is an offsetting reduction in the administration of Federal unemployment programs for former Federal employees and ex-servicemen.

This year 47 State legislatures will be in session and some of them will increase salaries for State employees generally and some will amend their unemployment insurance laws to require the State employment security agency to perform new or additional work.

The contingency fund of \$12 million is intended to meet unusual costs of this nature, as well as increases in claims workloads resulting from economic changes, plant closures, or layoffs involving large numbers of workers.

Even though we are not requesting program increases, I would like to talk briefly about our program plans for 1968, especially our efforts to improve and strengthen operations within current budget levels and available staff.

HUMAN RESOURCES DEVELOPMENT

A major role of the employment service will be working with the hard core unemployed to help them become employable. We call this "reaching out" to those who may have given up trying to find employment, our human resources development effort.

It involves young, inexperienced workers, workers 45 and over who have been displaced by plant closings or technological change, and those who are unskilled, members of minority groups, and the handicapped.

An important part of human resources development is getting the cooperation of employers in opening more jobs at the entry level.

Senator HILL. At what level?

ENTRY LEVEL JOB OPENINGS

Mr. GOODWIN. Opening more jobs at the entry level.

Senator HILL. Yes.

Mr. GOODWIN. Most of the people, Mr. Chairman, who are now available for employment have a minimum amount of skill and the best chance of placing them is at the entry level.

YOUTH TRAINING AND EMPLOYMENT

While employment and related services for youth are a part of the human resources development effort, they deserve special attention because of the great expansion of the labor force by young applicants.

In the past 2 years youth opportunity centers have been established in metropolitan areas close to slum neighborhoods. These centers serve employment needs of all youth applicants not just the disadvantaged but special efforts are made to assist minorities to compete in the job market.

Our services to youth also include recruitment for work training programs such as the Neighborhood Youth Corps, Job Corps, counselling and job placement services to those rejected for military service, the summer jobs for youth program of the President, and the establishment of apprenticeship information centers in cooperation with the Bureau of Apprenticeship and Training, to assist youth in obtaining apprenticeship opportunities.

FARM LABOR

Mr. Chairman and members of the committee, I am glad to report that 1966 was a year of progress for farm labor. While production of most crops was up and farmers generally received higher prices for their products, workers received higher wages and we made further progress in eliminating our dependence on foreign labor. Foreign worker use has fallen from 200,000 in 1964 to 35,000 in 1965 and to only 20,000 in 1966.

Senator HILL. That is some reduction, isn't it?

FOREIGN WORKERS

Mr. GOODWIN. That is a big one; yes, sir. Foreign farmworkers were used in 29 States in 1964, 12 in 1965, and only 11 in 1966. I certainly do not wish to imply that there are no problems. There are many, but we hope to solve some of them by broadening the annual worker plan to include—in the scheduling of employment during the farm season—a substantial number of jobs in the canning and food processing industries.

LABOR EXCHANGE COMMUNICATIONS

We also expect to make greater use of a teletype system for exchange of information promptly on growers' labor needs and worker supply.

STATE RESPONSIBILITY AND AUTOMATIC DATA PROCESSING STUDIES

To improve the kind and quality of services we provide through the employment security system, we have contracted for two studies which we believe will result in greater operating effectiveness. One involves the assignment of more responsibility to the States for program planning, evaluation, and financial administration.

Another involves the needs of the employment security system for automatic data processing equipment to meet the ever-increasing demand from public and government sources for more information available from employment security sources.

Senator HILL. Who is making those studies for you, Mr. Goodwin?

OPERATIONS IMPROVEMENT

Mr. GOODWIN. The last one is being made by the Auerbach Corp. and the first one is being made by Cresap, McCormick & Paget. In the

meantime, we are not overlooking any immediate prospects for improving our organization and our management practices, for increasing the efficiency of operations and making effective use of available funds.

Both Bureau and State agency staffs carry out these responsibilities. I have only touched on employment security programs. They are many and varied. They include interarea recruitment for hard-to-fill jobs; professional placement service; working with education and training authorities for manpower development training and utilization; working with community groups for area economic development and stabilization; and, in the unemployment insurance program, the taking of unemployment claims, the calculation of benefits due, the payment of benefits and the determination of eligibility.

The employment security programs have changed as worker and employer needs have changed and the programs will continue to change to solve labor problems which develop.

Mr. Chairman and members of the committee, we are not asking for funds in fiscal year 1968 for new programs but we are not overlooking opportunities for improving operations.

Senator HOLLAND. What service are you talking about there, Mr. Goodwin, where you say you are not asking for new funds?

NONINCREASE IN PERSONNEL

Mr. GOODWIN. We are not asking for expansion of the program, Senator. In other words, the number of employees for the State employment security agencies, which is what is covered in this particular request, will remain the same.

Senator HOLLAND. Are you still speaking about migratory farm labor?

Mr. GOODWIN. No; this is the entire operation of the State agencies. This is the administration of unemployment insurance and the public employment service. It includes, however, the farm labor program.

In other words, no additional employees would be provided by the money which is being requested here for the farm program, as well as the other programs.

This is a summary of the statement which I submitted for the record, Mr. Chairman, and I would be glad to undertake to answer questions on this at this time or to proceed with unemployment compensation for Federal employees and ex-servicemen, whichever you prefer.

FARM LABOR PERSONNEL

Senator HOLLAND. I would like to ask some questions because I have to go elsewhere. Mr. Goodwin, what is the number of employees which you use in connection with the farm labor problem?

Mr. GOODWIN. There are Federal employees and State employees.

Senator HOLLAND. Can you give the figures for both?

Mr. GOODWIN. Yes.

Senator HOLLAND. Suppose you give me the figure for 1967 and the request for 1968.

Mr. GOODWIN. Very good. For State grants in 1967 the number of positions is 2,051 and for 1968 the figure is the same, 2,051.

Senator HOLLAND. Those are Federal grants to help sustain the activities of the State employment service?

Mr. GOODWIN. That is correct, sir. They are the farm part of the State employment service. The number of Federal employees who are working on the farm program is 224. That is broken down into 154 on our basic program and 70 on Public Law 414.

FEDERAL GRANT FOR STATE EMPLOYMENT SERVICE FOR FARM LABOR ACTIVITIES

Senator HOLLAND. What is the total Federal appropriation involved to take care of the 2,051 State employees who are funded for 1968 to serve through the State employment service?

Mr. GOODWIN. That is \$19,105,000.

Senator HOLLAND. And is that now the total of Federal funds that go to the State employment service in connection with the farm labor question?

Mr. GOODWIN. Yes, sir.

Senator HOLLAND. That includes the matter of recruitment?

Mr. GOODWIN. Yes, sir.

Senator HOLLAND. And the matter of investigation in the field?

Mr. GOODWIN. Yes, sir.

Senator HOLLAND. And the matter of forwarding applications to your agency here in Washington?

Mr. GOODWIN. That is correct.

Senator HOLLAND. And what other functions are there besides the three which I have named? They have a statistical service, do they not?

PERSONNEL RECRUITMENT

Mr. GOODWIN. The most important item is recruitment and the work that is done on the part of the State agencies in recruiting workers for employers in their State.

Senator HOLLAND. You are speaking now about domestic recruitment?

LABOR MARKET INFORMATION

Mr. GOODWIN. Yes, sir. Also a very important part of the function is the collection and dissemination of information.

Senator HOLLAND. Statistics?

Mr. GOODWIN. Well, some of it is statistics. We call it labor market information. It is getting the specific information on supply and demand of labor by specific categories and making this available to the employers in that State and in specific areas.

FARM LABOR PROGRAM STAFF

Senator HOLLAND. Now, the 224 that you have, are they at the Washington level?

Mr. GOODWIN. No: part of these are in our regional offices. I don't have that breakdown readily available. I can submit it.

Senator HILL. Can you supply that for the record, Mr. Goodwin?

Mr. GOODWIN. Yes, I will be glad to.

REGIONAL OFFICES

Senator HOLLAND. Do you have the number in the Washington office that you can supply?

Mr. GOODWIN. I can supply both.

Senator HOLLAND. I will be very happy if you will do so.

Mr. GOODWIN. They are only in the two places, in the regional offices and in Washington.

(The information follows:)

National office-----	113
Regional office-----	111
Total -----	224

Senator HOLLAND. You have field employees also, do you not?

Mr. GOODWIN. Anyone in the field is attached to a regional office. They may be temporarily stationed elsewhere in connection with the recruitment drive or something of this kind.

Senator HOLLAND. For instance, anyone going to check on the handling by a certain producing industry on the wages it pays, the hours it employs its labor, the kind of housing and food and so forth it gives will have to come out of a State office although it would be one of your Federal people, or would it come out of the regional office?

Mr. GOODWIN. That information might initially be obtained by people within the State and working for the State. The information would be collected and analyzed at our regional office and would be available there.

Senator HOLLAND. For instance, on Florida industries, it would be assembled at the Atlanta regional office.

Mr. GOODWIN. That is correct, Mr. Marbury's office.

MOBILE CREWS

Senator HOLLAND. It would be analyzed there. Why is it that you have sent so many Federal people down into Florida following the submission of reports of this kind by the State employment agency?

Mr. GOODWIN. We sent some people to Florida at the peak of the season to augment the staff of the State. This was to help in the recruitment effort and to meet the peakload.

We have a mobile crew. It is used in different parts of the country to meet peak workloads. Florida's peak, of course, comes at a different time than any place else, as you know, but this is the way a part of the Federal staff has been used.

PERSONNEL ASSIGNED TO FLORIDA DURING PEAK PRODUCTION SEASONS

Senator HOLLAND. Will you state for the record, and I assume you do not have it readily available, the number of Federal employees that you sent into Florida in fiscal year 1967 and in fiscal year 1968 or for this crop year and for the preceding year to check on the situations there?

Mr. GOODWIN. I will be glad to submit that for the record, Senator. It was not a large number but I would prefer to check it and submit it for the record if that is satisfactory.

Senator HOLLAND. I wish you would include the names of those who were sent there as well.

Mr. GOODWIN. I will be very glad to.
(The information follows:)

The following Federal employees assisted in agricultural recruitment and follow-up in Florida during the past two seasons July 1, 1965 to March 1, 1967:

NATIONAL OFFICE PERSONNEL

Name	Number of days in Florida ¹	Crop activity
Bullock, Bill G.....	31	Sugarcane.
Burks, Henry T.....	12	Do.
Total.....	43	

ATLANTA REGIONAL OFFICE

Name	Number of days in Florida ¹	Crop activity
Brinks, Charles.....	160	Citrus, vegetables, and sugarcane.
Ethredge, Buck.....	186	Do.
Greer, Mantel.....	5	Do.
Hood, John.....	21	Do.
Hopkins, Henry.....	101	Do.
Player, M. M.....	6	Do.
Shock, Tom.....	31	Do.
Tapley, Clifford.....	38	Do.
Total.....	548	

¹ Includes travel time to and from Florida plus weekends and holidays.

DELAYS IN ASSIGNMENT OF FOREIGN WORKERS

Senator HOLLAND. Now, I believe I heard you say that one of your objectives was to give greater responsibility to the States.

One of the complaints we have had out of our State is that your agency has not recognized the requests for the assignment of offshore labor but instead has initiated rather long procedures to check up on the exact facts in the field before you act.

Since the State employees who are handling this are paid, many of them, by trust funds held by the Federal Government and since we think they are rather high-grade people, why is it that you can't act promptly upon the requests that reach you through the State agencies?

Mr. GOODWIN. The State agencies have been extremely helpful in furnishing information and we have used it to a great extent. As you know, though, the immigration statutes under which these foreign workers come into this country are Federal statutes. It is the responsibility of the Secretary and the Department to ascertain that the conditions are being met which were intended by the law. We have undertaken to utilize the services of the State agencies to the maximum extent possible but it is still necessary for us to assure ourselves that the conditions set forth by the law are being met.

RECOMMENDATIONS FOR DELEGATION OF GREATER RESPONSIBILITIES TO STATES

Senator HOLLAND. Just what did you have in mind then when you said that one of your objectives was to give more responsibility or

greater responsibility—I don't remember the exact wording—to the States in this very important matter.?

Mr. GOODWIN. That statement, Senator, was in reference to the total program, not just the farm program, and it related specifically to the study that I referred to and to the recommendations that have come out of that study. That is the Cresap, McCormick & Paget study and they are recommending changes in the total system which will result in our being able to delegate greater responsibility to the States. We requested this study because we wanted to make sure that we had the best possible method of distributing the money recommended by this committee and appropriated by the Congress so that it would be equitably distributed among the States.

DISTRIBUTION OF FUNDS

They have recommended that we develop a new system for the distribution of our funds. They recommended the use of a "plan of service" method of operation and we are in the process now, Senator, of putting this into effect.

INFORMATION PROGRAM

Another recommendation is the development of an information program, to provide information which can be used at all levels of management for making important administrative decisions.

COST ACCOUNTING SYSTEM

They recommended a cost accounting system. The Secretary made reference to this yesterday. This is being done on a broader basis than the Bureau. But my point is that carrying out the objective of delegating greater responsibility to the States is part of a total package which involves the development of some of these tools to make that possible.

You understand that this program is a grant-in-aid program but it is operated through 100 percent Federal funding and we have to make sure that the money is spent for the purposes for which the Congress appropriated it.

DELEGATION OF GREATER RESPONSIBILITY TO STATES

We can't take all the controls off until we have some adequate substitutes. That is what we are in the process of doing. These substitutes, when we get them, will give a greater degree of responsibility to the States.

Senator HOLLAND. Well now, let's be specific about it. When you use the words giving greater responsibility to the States, do you mean that you give greater credibility to the applications for labor needs for the harvesting of perishable crops than you have in the past?

Mr. GOODWIN. I think that this would be one of the results, yes, but along with that, we would make sure that the State had a system which would furnish information to the responsible officials in that State so that they could make the appropriate decisions.

This is the heart of the problem, Senator. It is not a question of whether we trust the State people or not. It is a matter of whether they have the right kind of a system, the right kind of an administrative

setup for carrying out the program. The heart of the Cresap, McCormick, and Paget report is the series of recommendations which would assure that the State would have the capability of making those decisions. As soon as they have that capability we would be anxious to give a greater degree of flexibility and authority to them in carrying out their program.

DELAY IN ASSIGNMENT OF FOREIGN WORKERS IN FLORIDA

Senator HOLLAND. Do you think that the State agency in Florida has the ability to make accurate appraisals of needs and applications which you should act upon promptly?

Mr. GOODWIN. They have a very competent group of people in the Florida agency.

Senator HOLLAND. Why is it that the action has been so slow and so long to get when the applications have come up from the State agency and there has had to be a reject by a man in the field from a regional office before any action can be taken?

Mr. GOODWIN. One of the requirements under the foreign worker program, and this is the area that I think you are referring to—

DOMESTIC LABOR RECRUITMENT EFFORTS

Senator HOLLAND. I am talking about foreign and I am talking about domestic because you have to determine that you have done all that you can in getting domestic labor before you can get foreign labor and we think that when the State agency, having checked carefully on the efforts of recruitment that have been made domestically on which you have a complete check, states that they have done all that they can, they have gone in the case of Florida, for instance, to areas in Pennsylvania, around through Missouri, through Oklahoma and eastern Texas, to get people at their own expense and to bring them in by buses or some other transportation and they have gone to very large expense, then this ought to be a showing which you would recognize.

Mr. GOODWIN. Well, I think by and large in the last year or two, Senator, we have recognized it. I think if you check this out carefully with the State people, you will be told that we have had very, very few disagreements in the last year or two on the use of foreign labor in Florida.

Actually, we had very few with the growers.

LOSS OF PERISHABLE CROPS

Senator HOLLAND. Well now, I know personally of disagreements in connection with two crops, strawberries and celery.

Mr. GOODWIN. The year before last.

Senator HOLLAND. In which you have not granted the applications made by the State agency and then after careful check have denied them and that is the kind of thing I don't understand if there is real cooperation between your agency and the State agency.

I happen to know of some celery that had to be abandoned. I happen to know of great production of strawberries that has had to be lost because these crops are highly perishable as you know and when

there is an application and the statement of immediate need, it seems to me that the cooperation which you extend to the State agency would allow much more prompt filling of the need and much more affirmative filling of the need than that found in those two cases that I mentioned.

Mr. GOODWIN. We went through a period in which there was a real disagreement between us and the State and between us and the growers in Florida on the question of whether it was necessary to bring in foreign workers to harvest crops in Florida.

DOMESTIC LABOR RECRUITMENT

I think that part of this was the outgrowth of what has happened over the last 10 or 15 years when all of us had become pretty dependent on the use of foreign labor. It was the easy way out in a lot of cases.

We finally, however, after a series of analyses of the problem, concluded that we could meet this problem with domestic labor. We faced the fact that there were some 200,000 workers leaving farm employment every year and it looked to us like the heart of the problem was getting the employers to make a real effort to go after this domestic labor, to make some adjustment in their wages and working conditions, and we felt that the problem could be met if that were done.

I think that the history of the last 2 years, Senator, really bears out the truth of that conclusion, or I mean the soundness I should say, of the policy decision which the Secretary made with respect to this. I realize that there have been some problems and I wouldn't tell you that no one got hurt in the process.

ABANDONMENT OF CELERY ACREAGE

Senator HOLLAND. You know of your own knowledge, don't you, that some celery acres had to be abandoned?

Mr. GOODWIN. Yes, but I am not sure in the case of celery that it was due to the labor problem.

Senator HOLLAND. I understood that was the contention of your Department.

Mr. GOODWIN. That it was due to the labor?

ABANDONMENT OF STRAWBERRIES IN FLORIDA AND CALIFORNIA

Senator HOLLAND. That there was a good market for celery but they nevertheless had to abandon some acres. You know of your own knowledge that strawberries which are highly perishable had to be abandoned in the field both in our State and in California.

Mr. GOODWIN. Yes, and I think in the case of strawberries a small part of that loss could be attributable to labor not being there at the right time. It is a highly perishable crop and I think if you take a look at almost any period of time when you harvest strawberries, you will find that there are some losses that could have been avoided if you could have had full control over all the conditions that affected that crop including labor.

Senator HOLLAND. It is only labor that we are dealing with now. We realize that you can't affect the weather, the rainfall, the market, things of that kind, but when there is a market and when the crop is ready to move and has to be moved now or lost, we think that greater

speed should be employed and that quicker and more favorable action should be given and we know we have had losses in those two industries and perhaps in others which I don't have as much information about.

BASQUE SHEEPHERDERS

I notice that you do not include in the list which you courteously have given me, or Mr. North gave me for your Department, any wage controls in the States where the Basque sheepherders are supplied through your Department. Do you have the information as to the number of Basque sheepherders who have been supplied in the last 2 or 3 years, year by year, and the places where they have gone?

Mr. GOODWIN. Yes, I have. They have been used exclusively in nine Western States. The Secretary was very close when he gave you the figures from memory yesterday.

The present number is 1,597. I think you requested yesterday the figures for the last 4 years. In 1966 it was 1,597; 1965, 1,408; 1964 was 1,363; and 1963 was 1,249.

Senator HOLLAND. Then the number has been relatively stable, has it not, if anything rising a little bit?

Mr. GOODWIN. Rising a little bit, that is correct, sir. They were used in Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah, Washington, and Wyoming.

IMPOSITION OF WAGE CONTROL IN CALIFORNIA

Senator HOLLAND. And the only one of those States where you have imposed any labor figure as a condition for getting foreign labor is California; is it not?

Mr. GOODWIN. The only place where foreign workers were used on the west coast last year was California.

Senator HOLLAND. Well, then the only one of these eight or nine States that you mentioned where you have imposed any wage requirement is California?

Mr. GOODWIN. That is correct, yes, sir.

Senator HOLLAND. I am glad that you haven't imposed it in these other States but I find it difficult to understand the distinction that you make because as I am advised, and maybe I am wrong and I want to be corrected if I am wrong, the percentage of the sheepherding labor which has come from overseas is a larger percentage than what has been used for instance, by the apple industry in the way of foreign labor and the potato industry in Maine and the citrus industry in Florida and the various vegetable industries in California.

CLASSIFICATION OF BASQUE SHEEPHERDERS AS AGRICULTURAL LABORERS

I wonder why you make this distinction which I am glad you made? I have found it very difficult. You remember that I called you some 2 years ago and you told me that the Basque sheepherders were not agricultural labor. You have come to a different conclusion now, haven't you?

Mr. GOODWIN. Well, it is close enough. We are able to shift them back and forth across the line.

Senator HOLLAND. I am glad that you decided that this is agricultural labor and I am just curious to know and you can supply for the

record the thinking upon which you differentiated between your handling of that labor and labor for other areas because I notice you haven't included that area in the figures shown by the list that was furnished me by Mr. North.

You are familiar with that list, are you not?

Mr. GOODWIN. Yes. I think I did include them on the figures I gave you a year ago, didn't I?

EXPLANATION OF APPARENT ARBITRARY LABOR CLASSIFICATION

Senator HOLLAND. You finally gave me the sheepherders but you have never given me any figures showing any wage control in these States and what I would like you to do is to explain for the record how you differentiate between that situation where, as I am informed, a larger proportion of the sheepherding labor comes in from overseas than is found in these other industries which have brought in periodically, and did last year, some labor from foreign sources.

Mr. GOODWIN. I can give you this very quickly right now, Senator, if you would like to have it.

Senator HOLLAND. Yes.

Mr. GOODWIN. This program for the Basque sheepherders has been going a good many years. It antedated the program that was put into effect at the end of Public Law 78.

Senator HOLLAND. Didn't it antedate the bringing in of offshore labor to Florida, sir?

Mr. GOODWIN. I am not sure on that point. It probably did not.

Senator HOLLAND. It didn't antedate the bringing in of Canadian labor to Arvostook County, Maine; did it?

Mr. GOODWIN. Yes; I think it did. I would have to check that to be absolutely sure.

LABOR-INDUSTRY VOLUNTARY WAGE PROGRAM

Senator HOLLAND. I wish you would supply us the full data on that as to time and as to the reason why you make a differentiation between this labor and others.

Mr. GOODWIN. There is just one point I would like to make in connection with it now and then I will supply the rest for the record if I may and that is that there has been a voluntary program which the industry has met over the years in terms of wages.

They have discussed their wages with us periodically. They have undertaken to keep abreast of the wage objectives that we have in the other program. All of the people belong to these several associations in the West and they have met the wage standards through voluntary means. Being a small group it is possible to do that.

Senator HOLLAND. I have understood, and maybe I am mistaken, that the voluntary wage rate which they have set up is far under the earning rate of the workers in California and Florida who are working on piece rates.

If that is not the case, please show it in your statement. This is my understanding.

Mr. GOODWIN. I don't think that would be accurate, Senator, in terms of our minimum adverse effect rate. The earnings might be less than what they are making now in citrus harvest, for instance, where they are operating on a piece rate and many of them are doing quite well.

Senator HOLLAND. Wages of \$18, \$20, \$25 a day is no exception to the rule for citrus pickers, is it?

Mr. GOODWIN. The average is something over \$2 an hour now in the citrus picking.

(The information follows:)

BASIS FOR EXCLUDING BASQUE SHEEPHERDERS FROM THE ADVERSE EFFECT REGULATIONS OF THE SECRETARY OF LABOR

The Regulations of the Secretary of Labor governing applications for foreign workers for temporary agricultural employment in the United States (20 CFR 602.10) are primarily designed to take care of situations, usually at the peak of the harvest, when relatively large numbers of workers are needed for brief periods of time. By spelling out the terms and conditions of employment which employers must offer to domestic workers as a precondition for obtaining certification for foreign workers, the Regulations ensure that a bona-fide shortage of domestic workers exists and that the employment of foreign workers will not adversely affect the wages and conditions of domestic workers.

Shepherding, on the other hand, is more of a long-term activity. This has been traditionally recognized in the procedures governing the admission of foreign workers, principally Basques, into the United States for such work. Under these procedures, sheepherders may be imported on a temporary basis if the U.S. Employment Service certifies that U.S. workers are not available. Each certification is for a six-month period, and the maximum period of employment is for three years. The certification period is limited to six months in order that operation of the program can be reviewed by the Employment Service to ensure that participating employers make every reasonable effort to recruit domestic workers.

At the present time, employers using Basques pay a minimum of \$230 a month plus room and board, with added increments based on experience. On an hourly basis, this combined package is roughly equivalent to the hourly rates specified in the Secretary's Regulations. The employers also have open orders with the Employment Service for domestic workers and stand ready to employ any domestic workers who may be available.

Although the wage rate offered by foreign worker employers is relatively high for farm labor, employers have not been successful in attracting U.S. citizens to this activity, and the program has been operating at approximately the same level for many years now—some 1400 foreign sheepherders are employed each year. There are two basic reasons accounting for the difficulty in attracting U.S. citizens: (1) the working conditions, which require a sheepherder for long periods of time to tend his flock with little contact with other people, including family. Americans are generally just not willing to tolerate this kind of isolation; (2) the States in which the foreign sheepherders are employed are all sparsely populated, which severely limits the number of workers who might possibly be attracted to sheepherding. Experience has demonstrated that the only real substantial supply of sheepherders has been in the State of New Mexico, where the tradition for this work is still maintained. And as young men come of age they are, and have been, recruited for employment as sheepherders.

The industry has sponsored training courses, done all that has been requested of it to recruit U.S. citizens, and voluntarily increased the basic wage rate. Under these circumstances the Department of Labor has not considered it necessary to prescribe special regulations or adverse effect rates for foreign sheepherders.

**EXCERPT FROM REPORT OF COMMITTEE ON THE JUDICIARY, SUBCOMMITTEE No. 1,
HOUSE OF REPRESENTATIVES ON STUDY OF POPULATION AND IMMIGRATION PROBLEMS**

C. BASQUE SHEEPHERDERS FROM SPAIN

1. Permanent and temporary programs

In January 1963 there were more than 1,000 aliens from the Basque area of northern Spain working as temporary employees of sheep ranchers in the Western United States. These workers were the culmination of a program to import sheepherders into the United States which had its formal beginnings in 1950 when a special law was passed to facilitate the immigration of such work-

ers.¹ There is little certainty how the program developed. Basque sheepherders were brought into the country during World War II and had immigrated before that time.

The need for supplemental workers for sheepherding has grown out of a lack of domestic workers desiring to follow the occupation. The work requires special skills and is usually in isolated areas. A few foreign workers were willing to take the work, particularly those who were traditionally associated with sheep-raising in Spain. The desire for these Spanish workers, however, did not overcome the difficulties of the quota laws associated with immigration. The Spanish quota was so low that few sheepherders were able to acquire visas.

The 1950 legislation was designed to implement the immigration of skilled sheepherders. It was a vehicle for allowing these workers to be imported despite Spain's position as a quota country under the immigration law. The country's quota of immigrants was not enlarged, but special immigration visas could be issued to alien sheepherders (from any country, since Spain was not specifically mentioned in the act), provided that the sheepherder was otherwise admissible to the United States as a permanent resident under the provisions of the 1917 immigration law. The Sheepherder Act required that the employment offered the immigrating herdsmen be permanent. It specified that the visas were to be issued only when the immigration quotas of the country were exhausted. Further, the visas issued in this manner were to be deducted from the future immigration quotas of the nation concerned, not to exceed 50 percent of any yearly quota. This act was in no way to be construed as increasing the immigration quota of any country or altering the requirements for the admission of aliens to the United States.

The number of sheepherders who could be imported under the act was set at 250 for the 1 year it was effective. The law expired in June 1951. After its lapse, a new law, Public Law 307² was passed April 9, 1952. The particulars of this bill were identical to Public Law 587, passed in 1950, with one exception: the limit on the number of visas to be granted was doubled to 500. Again the law was to expire 1 year from the date of approval. Public Law 770,³ passed September 3, 1954, renewed the act once more. The last of these 1-year laws, Public Law 770, was essentially the same as its predecessors. It applies to the Immigration and Nationality Act passed in 1952, instead of the 1917 version, limited the number of special visas to 385, and allowed persons convicted of misdemeanors classified as petty offenses under title 18 of the U.S. Code to be admitted, provided there had been only one such offense committed by the entering alien.

In February 1957 the House Committee on the Judiciary published a report of an investigation into the sheepherder program.⁴ The report revealed the following: The investigation had been prompted by reports that a considerable number of sheepherders admitted under the three legislative acts outlined above had abandoned their employment with ranchers who sponsored their admission and obtained employment elsewhere. The facts as related in the report were that "due to action undertaken by certain private employment brokers, an increasing number of sheepherders admitted under the three laws are being continuously induced into accepting employment outside of the sheep-growing industry."⁵ The investigation revealed that some of those workers who left sheep herding were in violation of the special military service deferments they had received as agricultural workers; that some ranchers were abusing the laws by bringing in aliens who were not actually sheepherders; and that in some States the work was not year round, a contradiction of the basic requirement of the three special laws.

The recommendation made by the Committee on the Judiciary in its report was that the importation of the sheepherders be handled in the same way as the importation of foreign workers from the British West Indies. This meant that the Basque shepherders would no longer be imported as permanent residents, but brought in as temporary supplemental labor for a period not to exceed 3 years under the Immigration and Nationality Act. The committee stated that the British West Indian program had been well organized, that there was little opposition from organized labor, that few of the workers absconded, and that the employers would benefit from this type of program compared with the methods used to import Basques.

¹ Act of June 30, 1950, 64 Stat. 306 (Public Law 587, 81st Cong., 2d sess.).

² Act of Apr. 9, 1952, 66 Stat. 50 (Public Law 307, 82d Cong., 2d sess.).

³ Act of Sept. 3, 1954, 68 Stat. 1145 (Public Law 770, 82d Cong., 2d sess.).

⁴ H. Rept. 67, 85th Cong., 1st sess. 1957.

⁵ *Ibid.*, p. 1.

Even after the expiration of the special visa laws in 1955, sheepherders were imported in 1956. The practice of temporary admittance commenced in 1957 (fiscal 1958), and has continued ever since. Under the special visa laws, the Department of Labor, through its State Employment Security agencies, had certified that there were no domestic workers available who could be employed in the sheep industry before aliens were imported from Spain. Operations of a temporary program under the Immigration and Nationality Act did not require that the Attorney General consult the Secretary of Labor before admitting temporary alien workers although he is required to consult "appropriate agencies." The procedure finally adopted for the sheepherders was that they could be imported on a temporary basis if the need were certified by the U.S. Employment Service through the State Employment Security agencies, starting with local employment offices. The term of stay was to be 3 years at a maximum. The need for the herdsmen was to be recertified each 6 months during the 3-year period to give domestic workers, available and qualified for the jobs, opportunities to receive employment if they desired. The program has continued in this fashion ever since.

2. Certifications and employment

With a very few exceptions, all of the certifications made by the Bureau of Employment Security for visa exceptions under the three special laws were for Basque sheepherders from Spain. There are no available statistics which detail the number who received visas and entered the country. The three laws authorized 1,135 special visas. From 1950 to 1955, when the laws were in effect, the Bureau of Employment Security certified shortages of 1,416 workers in 14 States. These figures represent a ceiling on the number of herdsmen who could have been imported; but, more likely, the number was very near the maximum allowed by the visa laws.

TABLE 1.—*Certifications of shortages of sheepherders to be filled by immigrant aliens, 1950-56*

Number		Number	
1950 -----	66	1954 -----	371
1951 -----	45	1955 -----	131
1952 -----	501	1956 -----	247
1953 -----	302		

Source: Bureau of Employment Security, U. S. Department of Labor.

Beginning with fiscal 1958, the importation of the Basques was in keeping with the recommendation of the House Committee on the Judiciary; that is, the workers were brought in as temporary aliens under the Immigration and Nationality Act. This meant that the workers no longer needed to get visas from the quota allocated to Spain for permanent immigrants. From that date to present, the entry of these aliens has been reported by the Immigration and Naturalization Service, and gives a better indication of the magnitude of their numbers.

TABLE 2.—*Basque sheepherders admitted to the United States, for fiscal years 1957-62*

Number		Number	
1957 ¹ -----	367	1960 -----	213
1958 -----	166	1961 -----	363
1959 -----	227	1962 -----	305

¹ Based on a statement by Mr. Jesse Frye, of the Immigration and Naturalization Service, to a meeting of the Western Range Association in Denver, Colo., on Apr. 20, 1960.

Source: 1958-62 from the Annual Report of the Immigration and Naturalization Service, 1962.

Based on the number of workers employed by Western Range Association of Fresno, Calif., which had about 95 percent of all temporary Basque sheepherders under contract at the end of 1962, the distribution of the herdsmen was spread among nine Western States. California was by far the most important in number used, followed by Idaho and Nevada.

TABLE 3.—*Employment of Basque sheepherders by the Western Range Association, by State, Jan. 1, 1962*

Total	Number		Number
	1, 015	Colorado	41
		Oregon	24
California	490	Washington	18
Idaho	239	Wyoming	9
Nevada	126	Utah	1
Arizona	67		

Source : Western Range Association, Fresno, Calif.

APPENDIX FOR PART III-C

SAMPLE CONTRACT FOR BASQUE SHEEPHERDERS

Agreement for the Employment of Spanish Sheepherders in the United States of America between the Western Range Association, a non-profit Corporation, incorporated under the laws of the State of California, United States of America, party of the first part, hereinafter referred to as "Association", and party of the second part, hereinafter referred to as "Herder".

Whereas, the Association and the Herder mutually desire that the Herder be beneficially employed in the United States of America to alleviate the present shortage of sheepherders; and,

Whereas, the Association, as an employer of alien labor under the provisions of Section 101 (a) (15) (H) (ii) of the immigration and Nationality Act (66 Stat. 168), is permitted under the laws of the United States of America to obtain the services of aliens to temporarily perform work as sheepherders in the United States of America;

Now, therefore, In consideration of the above and under the mutual undertaking hereinafter set forth, the parties hereby agree as follows:

1. Association will cause the herder to be employed and the herder will serve the Association or any of its members to whom he has been assigned by the Association subject to terms and conditions hereinafter mentioned.

2. The employment of the herder hereunder shall commence immediately upon his admission to the United States and shall continue during the time he is permitted to remain in the United States under the terms of the provisions of the Act under which he entered.

3. The period of employment of worker shall be for a period of six months, subject to renewal every six months up to a total of three years, commencing as of the date of arrival of worker at the port of debarkation; provided that 30 days prior to the expiration of any 6 months' contract thereafter the worker shall have the option of renewing his work contract with the same member-employer or of requesting a transfer to another member-employer.

4. The herder will—

(a) proceed to the place of employment to which he is assigned as aforesaid in the United States when and as the Association shall require. The cost of transportation from Spain to the United States and from the United States to Spain shall be paid by the herder;

(b) work and reside at the ranch to which he is assigned or at such other place as the employer may require;

(c) at all times during the continuance of his employment hereunder, as the employer or his agent may from time to time require, faithfully and diligently perform the duties of sheepherder or any duties connected therewith or related thereto;

(d) obey and comply with all rules and regulations of the employer relating to safety and the care and maintenance of property;

(e) not at anytime during the continuance of his employment hereunder work for any person or company other than the Association or one of its members.

5. The Association will—

(a) advance all traveling expenses from Spain to an atlantic coast port of the United States and return transportation, which amount will be repaid by herder by way of monthly withholdings from the salary of the herder under terms mutually agreeable to the employer and the herder; and herder hereby authorizes such withholdings in

order to repay the traveling expenses and return trip deposit and other deductions required by State and Federal law.

(b) shall pay all costs of transportation and subsistence from the port of entry to the place of employment and return from the place of employment to the same port for departure.

(c) apart from the cost of transportation to and from Spain to an atlantic coast of the United States, and such salary deductions as may be required by State or Federal law, the herder shall not be assessed nor be required to pay any additional amounts in connection herewith.

(d) provide during the continuance of the herder's employment hereunder a job for which the herder will receive adequate board and lodging at no cost to the worker, and a salary not less than the prevailing salary being paid to domestic herders engaged in the same type of work in the locality in which said herder is employed and in no event less than 180.00 (one hundred and eighty dollars) per month. A representative of the Association or of the member-employer will visit the place of employment at least once a month to assure the adequacy of the board and lodging furnished the worker.

(e) arrange a suitable burial of the herder if he dies during the continuance of his employment hereunder.

6. The Association will register Herder upon his arrival in the United States, with the proper agencies of the Government of the United States and the respective State in which the Herder will work. Herder will thus be given the protection of all applicable State and National Laws providing social and employment benefits, including the collection by the State of any salary which has not been duly paid by the employer for whom the Herder works. The payment of the contributions corresponding to the social and employment benefits will be paid partly by the employer and in part the Herder in accordance with the laws of respective State in which Herder is employed, and the practice of the industry.

The Association will insure Herder in a Company of good reputation from the time of his departure from Spain until his arrival at his place of employment in the United States of America. This insurance will provide for the payment of \$1,000.00 (one thousand dollars) in case of death by accident, together with an additional \$1,000.00 (one thousand dollars) for additional expenses in the event of death, such as funeral, transportation to Spain, etc. Said insurance will also pay up to \$500.00 (five hundred dollars) towards medical assistance in the event of illness.

The employer shall provide the Herder with the same guaranties of medical assistance and indemnization for accidents connected with his work and for illness suffered in the course of said job and which can be attributed directly to the work of the Herder in the same manner as applied in similar cases to herders of the Country as established in the local laws of the State where the Herder is employed when he suffers the accident or is taken ill. If an applicable State law does not exist, the Association will pay all expenses of hospitalization, medicines, medical and surgical assistance and other similar services which might be required by the accident or illness of the Herder, when such cases occur in the course of the job and are derived from the professional activities of some.

The Herder will pay a premium for a policy which will cover him in every case against all risks of hospitalization, medicines, medical and surgical assistance in circumstances not covered by the insurance indicated in the previous paragraph. Said policy shall also include a life insurance for the protection of the Herder as well as for the protection of his family. The policy shall be obtained by Association.

WETBACK APPREHENSIONS

Senator HOLLAND. Now, the next question. I noticed with interest the figures that you gave last year and, of course, the larger segment of those figures comes from California because it has been a tremendous producer of perishable food crops and still is.

Isn't it a fact that the number of wetbacks increased very greatly in California last year by several times? You know what I mean by wetbacks, don't you?

Mr. GOODWIN. Wetbacks are those who come into this country illegally.

Senator HOLLAND. Yes, sir.

Mr. GOODWIN. The only figure available on that is the apprehensions that are made by the Immigration Service. They apprehend a certain number every month, and that figure did grow.

Senator HOLLAND. Will you state for the record the exact figures over the last 3 years for the wetback apprehension? My understanding is that it has gone up several times. Maybe I am wrong, but I would like to have it stated for the record.

Mr. GOODWIN. I will be glad to furnish it for the record.

(The information follows:)

*Deportable Mexican aliens found working in agriculture in the Southwest
border States*

Calendar year:

1966-----	25, 732
1965-----	22, 314
1964-----	11, 429

Source: Immigration and Naturalization Service.

GREEN-CARD WORKERS FROM MEXICO

Senator HOLLAND. With reference to the green-card workers, my information is that the green-card workers have gone up very greatly. You realize that until this recent change in the immigration law there was no ban on immigration from Mexico and people could come in and declare they were going to be citizens and keep on living across the border in Mexico and come in under their green cards.

My information is that many thousands of them have done just that. Is that your information?

Mr. GOODWIN. Well, there is a number who have been what we call border crossers, who live in Mexico and work in the United States. They hold permanent visas and this is a practice that has been going on now for some 30 or 40 years. The number of these has not increased in the last few years. Actually, we have been adding to this number at a slower rate in the last few years than we did in the 10 years prior to that simply because we have a more effective system for making the certifications. This has been a factor on the number that have been used in agriculture.

Some of the workers that were coming in for other types of employment in the last 2 years have gone into agriculture and there is no question but what the number used in agriculture has increased but not the total number that have been coming in.

Senator HOLLAND. Can you give the number employed in agriculture over a period of several years?

Mr. GOODWIN. These are the roughest kind of estimates. We can give you the best estimates the Immigration Service has but there are no statistics on it.

Senator HOLLAND. I wish you would supply that for the record. My information is that a vastly larger number of green-card workers

since the cutoff of braceros under the Bracero Act have been employed in agriculture in California and Arizona, that general area, and going up into the fruit-producing areas of the Northwest, and if you have any figures on that, please supply them for the record.

Mr. GOODWIN. There are some estimates. There are no statistics but we will furnish what we can on the estimates.

Senator HOLLAND. And you will give us the entire number of green-card workers over a period of some years?

Mr. GOODWIN. Again this is an estimate on the part of the Immigration Service.

Senator HOLLAND. I thought the number of green-card workers was a known figure because they have to be issued green cards and they have to work through the Immigration Service.

Mr. GOODWIN. Yes, the figure that is an estimate is the number that are coming across the border to work. They have a total figure on visas that are outstanding. This includes those that are in the United States. They may be living in Chicago or New York or anyplace else. That figure is a firm statistic but the number that are coming across the border to work is an estimate.

(The information follows:)

"GREEN CARD" HOLDERS

The term "green carder" is used to describe aliens admitted to the United States as immigrants. Such persons have essentially the same legal rights and privileges as U.S. citizens. The main exceptions are they may not vote or hold office or engage in certain occupations for which licensing requirements in some States require U.S. citizenship. The term is derived from the greenish hued alien Registration Receipt Card, Form I-151, issued by the Immigration and Naturalization Service.

In 1966 there were 3,088,133 resident immigrant aliens who filed alien address registration cards; 645,579 were Mexican citizens. The following table lists the total and Mexican resident alien population for the past several years.

Year	Total resident alien population	Mexican resident alien population
1966.....	3,088,133	645,579
1965.....	3,024,278	631,138
1964.....	2,966,732	611,950
1963.....	2,892,015	577,895

The total alien population includes men; women and children; persons in the labor force as well as those who do not work.

Very limited data are available concerning the labor force status of the immigrants and the work they do. The most recent information available is based upon a sample from the 1964 alien address registration file. This sample showed that only about 45 percent of the aliens worked. Of those who worked, only about 14 percent were employed as farm laborers, foremen, managers, or were farm owners. Listed below is a percentage distribution of the Mexican alien workers by occupation.

<i>Occupation</i>	<i>Percent of total</i>
Total -----	100.0
Professional, technical and kindred-----	2.6
Farmers and farm managers-----	1.6
Managers, officials and proprietors, except farm-----	1.6
Clerical and kindred workers-----	2.9
Salesworkers -----	1.8
Craftsmen, foremen, and kindred workers-----	10.1
Operative and kindred workers-----	14.2
Private household workers-----	5.1
Service workers-----	9.2
Farm laborers and foremen-----	12.3
Laborers, except farm and mine-----	38.6

These data would indicate that there were about 36,000 Mexican alien immigrants employed in the United States as farm laborers and foremen in 1964.

There is evidence that indicates more green card workers have taken jobs in agriculture since 1964. This is particularly true in California and Arizona where, in some crops, much of the seasonal work was done by Mexican non-immigrant contract workers (braceros). Very little precise information is available on this point, however. Data based upon unpublished "commuters" surveys made in January 1966 by the Immigration and Naturalization Service would indicate that in the border counties of Imperial and San Diego, California, and Yuma, Arizona, about 14,000 aliens lived in Mexico and commuted to farm jobs in the United States. Comparable data for prior years for agricultural commuters are not available. Total alien commuting in these areas increased over 9,000 between 1963 and 1966; most of the increase probably consisted of farmworkers.

All in all, a reasonable guess of the number of Mexican aliens employed currently in farm work would be in the neighborhood of 50,000. This represents a significant increase in the past few years and is related to the end of the bracero program December 31, 1964.

When this program terminated, the jobs formerly held by braceros were made available to U.S. workers, be they citizens or resident aliens. Since many of the U.S. workers who do farm work in the Western States are resident aliens, these workers, along with their citizen fellows, achieved gains in the form of increased opportunities and higher wage rates that have occurred when the bracero program ended.

Of great importance is the fact that these resident aliens were already admitted to the United States and already composed a significant part of the U.S. work force before the bracero program was terminated. Many did not work in agriculture because the jobs held by the braceros were not available to them or because the pay was too low. There was not any increase in Mexican farm worker immigration after the bracero program ended; prior administrative actions taken by the U.S. Government had previously all but stopped the admission of Mexican aliens as immigrants to do farm work.

The fact that a very high proportion of Mexican alien immigrants are employed in low-skilled jobs has been of concern to the Department of Labor for several years. In July 1963, a cooperative arrangement was made with the U.S. Department of State through which the Department of Labor was notified of each visa requested by a prospective Mexican immigrant that cited a job offer by an U.S. employer to meet the requirement of the Immigration and Nationality Act that he demonstrate that he would not become a public charge. This procedure enabled the Secretary of Labor to bar admission of the alien where it was determined that U.S. workers were available or that his admission would adversely affect U.S. workers. The impact of this arrangement was to sharply curtail the immigration of low-skilled immigrants. From July 1963 thru November 1965, when the recent amendments to the Act became effective, 52,493 visa requests were forwarded to the Labor Department, only 8,348 were approved. For aliens with offers of farm jobs, 23,012 requests were forwarded, and only 2,518 approved. And in the seventeen months between July 1964 and December 1965, after it became obvious that PL 78 would end, only 419 of 13,783 requests for farm workers were approved.

The net result was a sharp decrease in Mexican immigration, as shown by the following table:

Year ending:	<i>Mexican immigrants admitted</i>
June 1962-----	55, 291
June 1963-----	55, 253
June 1964-----	32, 967
June 1965-----	37, 969
June 1966-----	45, 163

The decrease has been particularly sharp for immigrants employed in their own country as farm laborers or foremen. In the year ending June 30, 1963, 6,797 such immigrants were admitted; in the year ending June 30, 1966, only 955 entered the United States.

LABORERS IMPORTED UNDER TEMPORARY PROVISIONS OF IMMIGRATION ACT

Senator HOLLAND. My next question, which is this question of availability of farmhands, harvesthands from foreign sources, relates wholly to field labor, doesn't it, and harvesting labor?

It doesn't relate to canning, processing, or packinghouse work or anything of that kind?

Mr. GOODWIN. That is correct on those that have come in under the temporary provisions of the Immigration Act.

MIGRATION FROM UNITED STATES OF TOMATO PRODUCERS

Senator HOLLAND. Now, the next question: You know, of course, that there has been substantial migration of producers of tomatoes out of this country because of the labor question or do you have a knowledge of that?

Mr. GOODWIN. No; I do not.

Senator HOLLAND. Do you have figures showing the acreage of tomato production over the last several years in the winter and spring producing areas that furnish tomatoes at that time of the year to our people?

Mr. GOODWIN. I have some figures on that, Senator. I have figures for tomatoes for calendar year 1964 and calendar year 1965.

These are in thousands of pounds and it is 246,122 in 1964 as compared with 265,459 for 1965 so that the imports for 1965 did go up compared with 1964.

Senator HOLLAND. The figures that you furnished are imports now, are they?

Mr. GOODWIN. That is correct.

CALIFORNIA AND FLORIDA PRODUCTION ACREAGE REDUCTIONS

Senator HOLLAND. I mean have you figures showing the reduction of acreage in both California and Florida?

Mr. GOODWIN. Yes. On strawberries in California, here we were able to get 1966 figures and the figure for 1965 was 8,300 acres and for 1966, it was 7,800 acres.

Senator HOLLAND. What about Florida?

Mr. GOODWIN. Florida for 1965 was 3,200 acres and for 1966, 2,300 acres.

Senator HOLLAND. I have a few more questions and I will be through, Mr. Goodwin. I apologize to the chairman.

Senator HILL. All right, sir.

CITRUS PLANTINGS IN MEXICO

Senator HOLLAND. We are deeply concerned in my State by the migration of productive industry. Some have gone to the Bahamas, some to Central America, some to Mexico and in the case of California, most of it has gone to Mexico.

But we are even more concerned about the tremendous plantings of citrus in Mexico, and my recollection is something under 3 million trees planted there in the last few years; because not only will they have the advantage of the very small cost of field production, but for the production of both canned products and concentrate products which are admittedly very little burden at all.

They will still have the advantage of the Mexican labor rate as compared with ours. Do you have any figures for the record showing the increased number of citrus trees planted in Mexico in recent years per year?

Mr. GOODWIN. No, I do not.

Senator HOLLAND. Can you secure those?

Mr. GOODWIN. I will try. I don't know whether they are available or not. I suppose the Department of Agriculture has something on it but I have not seen those figures.

HAZARD TO CONCENTRATE AND CANNING INDUSTRIES

Senator HOLLAND. My information is, subject to correction, that it is slightly under 3 million trees planted there in the last 2 or 3 years and that it imposes a tremendous hazard to our concentrate business and to our canning business both of which now are very much larger than our fresh fruit citrus business as you know.

Mr. GOODWIN. Yes.

Senator HOLLAND. I wish you would secure what figures you can on that subject and furnish them for the record.

Mr. GOODWIN. I will be glad to see what I can find on that, Senator. (The information follows:)

CITRUS IN MEXICO

Both the Federal and the State governments in Mexico are backing expanded citrus production as a replacement for some less profitable tropical fruits. Grower groups, shippers, and government officials estimate that since 1960 the tree population has more than doubled. If Mexican growers maintain their present optimism, production could double by the 1970's.

Orange and tangerine trees by States in Mexico

[In thousands of trees]

State	1961	1965
Veracruz.....	3,000	18,000
Nuevo Leon.....	6,000	8,000
San Luis Potosi.....	2,000	3,000
Other States.....	3,500	5,900
Total.....	14,500	34,900

Source: Bulletin, "Mexican Citrus Plantings Double in 5 years," Foreign Agriculture Service, U.S. Department of Agriculture, FCF 3-63, May 1966.

Mexican export prospects in the United States face numerous problems, increased U.S. production being only one. Import duties, additional freight charges, transportation bottlenecks, fumigation costs, U.S. agriculture supervision, and the close watch for fruit flies combine to limit exports to the United States. Mexican growers are contemplating increased exports to Europe, especially eastern Europe.

Most Mexican citrus is produced for the domestic market. A growing middle class, increased urbanization, and a more orderly marketing system are expanding this market.

Orange production in Mexico

	Thousand metric tons	Million dollars
1966 (preliminary).....	880	38.7
1965.....	865	38.1
1964.....	860	37.8

Source: Bulletin "Indices of Agricultural Production for the Twenty Latin American Countries," Economic Research Service, USDA ERS-Foreign, 44, January 1967.

HARVEST AND PROCESS LABOR HANDICAPS

Senator HOLLAND. You understand that in that field it isn't just a saving on harvest field labor as compared with ours, where you have already stated the average earnings for picking citrus in Florida is better than \$2 an hour, but it is the same sort of advantage in the processing cost and it makes it altogether a very terrible handicap for American producers.

Mr. GOODWIN. May I comment, Senator?

Senator HOLLAND. I would be glad to have any comment.

U.S. INDUSTRY COMPETITIVE PROBLEM

Mr. GOODWIN. This is the same kind of problem that industry as a whole in this country has faced in competing with other countries of the world which have a low standard of living and low wages. We have been able to offset this disadvantage to a large extent by efficiencies of operation.

DOMESTIC LABOR VIS-A VIS FOREIGN LABOR

There are other advantages to the American producers. I don't know what solution might be suggested for this but it seems to me that, in any event, it should not be a solution of importing more foreign labor.

Senator HOLLAND. If farm labor who pick citrus fruits can make substantially as much as they can in Mexico, why wouldn't it be good policy to encourage the importation of that labor so as to keep our acreage and our production up rather than see it go down?

Mr. GOODWIN. It seems to me that it would not be good policy because we know that what we have been doing in the last 10 or 15 years is displacing a couple of hundred thousand farmworkers every year. The reason they have left the farms and gone to the cities is because the opportunities have been so poor on the farm.

Senator HOLLAND. They haven't left Florida and gone to the cities because, to the contrary, the number of our labor force as our production has gone up has greatly increased and so far as California is concerned, they are trying to keep theirs on the basis of hand labor rather than going to mechanized processes which they are now being forced to by the very policy that you say is a sound one.

MECHANIZED HANDLING OF CROPS

Do you think it is a sound policy to bring into existence mechanized handling of these crops and displace great numbers of labor, both domestic and foreign?

Mr. GOODWIN. I think it is a sound policy to try to get the wages and conditions of labor in agriculture to a point where agriculture can compete with other parts of the economy.

INTERMITTENT AND SEASONAL EMPLOYMENT

Senator HOLLAND. Mr. Goodwin, I would agree with you on that except for one thing, and that is that agricultural employment in greatest measure is not steady employment.

Our employment in Florida is during the harvest period and unless the people have an outlet somewhere else where they can work, they can't get similar employment except for the period of our harvest and the same is true in California and Arizona and south Texas and other areas.

It is true in Maine. It is true in the apple orchards extending all the way down the Appalachian region. You can't expect to have constant, steady employment in areas that are producing perishable foods and fruits, can you?

Mr. GOODWIN. It is very difficult. It is impossible, I would say.

Senator HOLLAND. Isn't it impossible?

Mr. GOODWIN. To get completely steady employment, I would say is not possible under present conditions.

MIGRATIONS OF AGRICULTURAL LABORERS

Senator HOLLAND. We have in Florida something like a 200,000 farm labor force at the peak but at the nonpeak, when there is no harvesting going on in our fruits and vegetables, the labor force dwindles to a very small part of that.

Mr. GOODWIN. Many of them go up the coast, as you know, and take employment all the way up to New York and the New England States.

Senator HOLLAND. Yes, that is one of the things that is bothering us now. The recruiters are already in Florida trying to take away our orange pickers because they are going to need them in the areas farther north.

We don't blame those people. They need labor but when you look for dependable harvesting labor, you just don't find enough of it in this country.

RECRUITMENT IN LOUISIANA OF CANECUTTERS FOR FLORIDA LABOR

I have one more question. What did you have to do with the recruitment of the 70-odd canecutters that were recruited in Louisiana to meet our problem in Florida and were found to be hopelessly useless for that purpose?

Mr. GOODWIN. We initiated the request that the recruitment be done. We knew that there were canecutters in Louisiana or rather we knew that there were experienced caneworkers.

Senator HOLLAND. Didn't you know that they cut their cane with a machine because their soil is good and hard and the thing won't be

uprooted, the cane will not be uprooted by the use of machinery there whereas in Florida, it is grown on muck and has to be cut by hand or else it is uprooted and will not produce during the 3 years of production that comes from the same root?

Mr. GOODWIN. Yes, I am familiar with that, Senator, but these people were not recruited for cane harvesting in Florida. They were recruited for planting. This took place as I recall in the summer of 1965. Although we had had great difficulty in convincing domestic workers to cut cane in the Florida situation, we had had some success in recruiting people for the cane planting and that was what this whole effort was about, to recruit an additional number for the planting of the cane.

There were some 70 people who reported for employment as a result of this recruitment. Some of them are still there. The turnover was fairly heavy. I would say that the turnover rate in cane production, cane harvest generally is pretty heavy.

We felt that as long as there were unemployed farm workers with experience in cane available in Louisiana that we had no choice but to ask the employer to put on a recruitment drive there, and we worked with him on that recruitment drive.

Senator HOLLAND. That effort has been abandoned long since, hasn't it?

Mr. GOODWIN. We have not repeated it. We did not repeat it in 1966.

HARVESTING OF CANE STALKS FOR PLANTING

Senator HOLLAND. As a matter of fact, to refresh your memory, it wasn't for the planting that they needed these extra people. That is a very simple hand job along the rows in the land that is ready for planting. It was for the harvesting of the cane stalks that are cut up in segments in order to plant.

That is the method you know of producing cane?

Mr. GOODWIN. Yes, that is right.

Senator HOLLAND. And it requires harvesting to supply the cane stalks and it was for that purpose that these were recruited and the one who stayed so long down there in the hospital as you probably will recall was there because he cut himself with the machete which he wasn't used to using and he stayed there for a period of a good many weeks recovering from that wound.

CITRUS PICKING AND ORANGE CROP INCREASE IN FLORIDA

Mr. Goodwin, one more point and I will be through. We are facing a very difficult situation in Florida for the immediate future. We have gotten by so far this year in our citrus picking with all the pickers that we have and we have, we think, the best in the world who are residents there.

Though they live there only a few months of the year, they have their homes there and then move up to apples and peaches and other crops. But using all of them and all we have been able to find anywhere, and we understand we have gone just as far as you think we should go—we have gone as far as Pennsylvania, Missouri, and Oklahoma and east Texas, we have been able to keep up with this situation up to now.

You know, of course, that we have a 41 percent increase in the orange crop this year. You know that, do you not?

Mr. GOODWIN. Yes, sir. I do.

LABOR INCREMENT REQUISITE

Senator HOLLAND. I am told from the Florida people that the amount of fruits staying on the trees is so very great and the approaching dissipation of their labor force through recruiting from other areas which will soon be producing one thing or another is so sure that they are going to have to have a rather large added increment of labor for citrus picking this year.

Are you familiar with that fact?

Mr. GOODWIN. They have not yet presented to us the conclusion that they will need any supplemental labor.

Senator HOLLAND. Haven't they been talking with you about this very problem?

Mr. GOODWIN. They have talked to us about their present situation. They have mentioned the point that you make about fear that they may lose a large number of the workers that they have now but they have said to me that, "We are not making a request at this time." We think that the situation needs to be watched for a few weeks yet and we need an analysis of the problem probably around the first to the 10th of April, to see at that time how it looks.

I would point out that up to now, the recruitment that has been going on has offset the losses so that there have been no shortages of labor in the citrus harvest.

APPROACHING VALENCIA SEASON

Senator HOLLAND. I think that is correct, but I just remind you that the Valencia season is just now coming in and that is our most valuable production of oranges and that the carryover of the midseason crops still on the trees is very great, much more than would normally be the case, and we are very apprehensive about this situation.

What I want the record to show is this: That if the shortage develops there will be speedy action because speed is necessary when the fruit is falling and that is what is going to be the situation very shortly.

DEPARTMENT-INDUSTRY WATCHFULNESS

Mr. GOODWIN. I am glad to give you assurance, Senator, that we are watching this on a daily basis with the industry. I have a meeting with Mr. Ghiselin this afternoon and we will work with him. If and when action is required, we will move quickly.

DEPARTMENTAL ASSISTANCE AND ANTICIPATED REQUEST FOR OFFSHORE WORKERS

Senator HOLLAND. All I want the record to show is that I want to impress on you the fact that speedy action is what will be required because early and midseason fruit is falling and will fall in showers from now on and if it is going to be salvaged at all, it is going to require a stepping up instead of a reduction of the labor force.

In general, Mr. Goodwin, I want the record to show that I think you people have improved your handling of our problems, at least in

Florida, over these last 2 years, and so far as cane is concerned we have no complaint at this time at all.

So far as vegetables and strawberries are concerned, we do have a complaint. So far as citrus is concerned, no complaint up to this time this year but we know that the rough time is still ahead and I want to emphasize the words "up to this time" because we are very apt to be on your doorstep very shortly with a request for a very sizable number of offshore workers to help us with our citrus picking problems.

RECRUITMENT EFFICIENCY OF FLORIDA CITRUS GROWERS

One more question: Haven't you found the Florida people very willing to expend their own effort and their own money in recruiting from large distances away from Florida and supplying buses to bring the folks in from areas as far away as Pennsylvania which I mentioned a while ago and Missouri which I mentioned a while ago and Oklahoma and Texas?

Mr. GOODWIN. I think the Florida citrus growers have done an outstanding job in their recent recruitment efforts.

Senator HOLLAND. I hope that they will be able to say at the end of the season that your Department has done a great job.

Thank you, Mr. Chairman.

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

APPROPRIATION ESTIMATE

"Unemployment Compensation for Federal Employees and Ex-Servicemen.—For payments to unemployed Federal employees and ex-servicemen, as authorized by title XV of the Social Security Act, as amended, **[\$90,000,000]** \$65,000,000, of which not to exceed \$5,000,000 shall be available for benefit payments for trade adjustment activities, together with such amount as may be necessary to be charged to the subsequent year appropriation for the payment of benefits for any period subsequent to March 31 of the current year.

"Unemployment compensation for Federal employees and ex-servicemen, next succeeding fiscal year: For making, after May 31 of the current fiscal year, payments to States, as authorized by title XV of the Social Security Act, as amended, such amounts as may be required for payment to unemployed Federal employees and ex-servicemen for the first quarter of the next succeeding fiscal year, and the obligations and expenditures thereunder shall be charged to the appropriation therefor for that fiscal year: *Provided*, That the payments made pursuant to this paragraph shall not exceed the amount paid to the States for the first quarter of the current fiscal year."

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$90,000,000	\$65,000,000
Proposed transfer due to civilian and military pay increases.....	-1,337,000	
Recovery of prior year obligations.....	1,331,000	
Proposed transfer for program supplementals.....	-12,224,000	
Unobligated balance lapsing.....	-11,439,000	
Total fund availability or estimate, revised.....	66,331,000	65,000,000

Obligations by activity

Description	Appropriation revised, 1967	Estimate, 1968	1968 change
1. Unemployment compensation for Federal employees.....	\$32,926,000	\$32,300,000	-\$626,000
2. Unemployment compensation for ex-servicemen.....	32,005,000	31,300,000	-705,000
3. Trade adjustment allowances.....	1,200,000	1,200,000	
4. Trade adjustment activities State administration.....	200,000	200,000	
Total obligations.....	66,331,000	65,000,000	-1,331,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
13 Benefits for former personnel.....	\$64,931,000	\$63,600,000	-\$1,331,000
41 Grants, subsidies, and contributions.....	1,400,000	1,400,000	
Total obligations.....	66,331,000	65,000,000	-1,331,000

Summary of changes

	Direct appropriations	Recovery of prior year obligations	Total availability
1967 appropriation.....	\$90,000,000	\$1,331,000	\$91,331,000
1967 unobligated balance lapsing.....	-11,439,000		-11,439,000
1967 proposed transfer due to civilian and military pay increases ¹	-1,337,000		-1,337,000
1967 proposed transfer for program supplementals ¹	-12,224,000		-12,224,000
1967 appropriation, revised.....	65,000,000	1,331,000	66,331,000
1968 estimate.....	65,000,000		65,000,000
Total change.....		-1,331,000	-1,331,000

¹ See p. 4.*Federal employees*

Mandatory items:

Increase: To provide for a higher average weekly benefit amount +\$1,300,000

It is estimated that the average weekly benefit amount will be \$43.40 in fiscal year 1968, \$1.80 higher than currently estimated for fiscal year 1967. This reflects the increases in the State unemployment maximum weekly benefit amount.

Decrease: Reduction due to lower number of weeks compensated -1,300,000

Based on an assumed improvement in the economic conditions in fiscal year 1968, it is estimated there will be 744,000 weeks compensated compared to 776,000 weeks compensated in fiscal year 1967.

Reduction due to action by Congress which eliminated the use of Federal benefit prior year funds for subsequent year appropriations -626,000

Subtotal -626,000

Ex-servicemen

Mandatory items:

Increase: To provide for a higher average weekly benefit amount +\$1,300,000

It is estimated that the average weekly benefit amount will be \$42.50 in fiscal year 1968, \$1.70 higher than estimated for fiscal year 1967. This reflects the increases in the State unemployment maximum weekly benefit amount.

Decrease: Reduction due to lower number of weeks compensated -1,300,000

Based on an assumed improvement in the economic conditions in fiscal year 1968, it is estimated there will be 722,000 weeks compensated compared to 753,000 weeks compensated in fiscal year 1967.

Reduction due to action by Congress which eliminated the use of Federal benefit prior year funds for subsequent year appropriations -705,000

Subtotal -705,000

Total changes -1,331,000

ACTIVITY 1. PAYMENTS TO FEDERAL EMPLOYEES

1967..... \$32,926,000
1968..... 32,300,000

NARRATIVE DESCRIPTION OF PROGRAM

Title XV of the Social Security Act, as amended, provided for the payment of unemployment compensation of unemployed Federal employees. The program

started on January 1, 1955. The claims of unemployed Federal employees are processed by State unemployment insurance agencies on the same basis as claims of other unemployed workers whose employment is covered under the State unemployment compensation law. In the Virgin Islands benefits are paid in accordance with the provisions of the District of Columbia unemployment compensation law. Under this program Federal funds are allocated to the States, which act as agents for the Federal government, for the payment of benefits.

Changes for 1968

	1966	1967	1968	Change
1. Increase in average weekly benefit amount...	\$39, 58	\$41, 60	\$43, 40	+\$1, 300, 000
2. Decrease in number of weeks compensated...	1, 070, 389	776, 000	744, 000	-1, 300, 000
3. Elimination of prior year fund availability				-626, 000
Net change.....				-626, 000

The higher average weekly benefit amount in fiscal year 1968 reflects the increases in the State unemployment insurance maximum weekly benefit amounts.

Based on the assumption that the State insured unemployment rate will be slightly lower in FY 1968 than in FY 1967, it is anticipated that there will be 32,000 fewer weeks compensated in the UCFE program.

ACTIVITY 2. PAYMENTS TO EX-SERVICEMEN

1967	\$32, 005, 000
1968	31, 300, 000

NARRATIVE DESCRIPTION OF PROGRAM

Public Law 848 of the 85th Congress approved August 28, 1958, amended title XV of the Social Security Act to create a permanent program of unemployment compensation for ex-servicemen to be administered similarly to the program of unemployment compensation for civilian employees of the Federal Government. A claim for benefits by an eligible ex-serviceman is processed under the unemployment insurance law of the State in which he first files his claims after his most recent release from active service.

Changes for 1968

	1966	1967	1968	Change
1. Increase in average weekly benefit amount...	\$37, 87	\$40, 80	\$42, 50	+\$1, 300, 000
2. Decrease in number of weeks compensated...	1, 282, 411	753, 000	722, 000	-1, 300, 000
3. Elimination of prior year fund availability				-705, 000
Net change.....				-705, 000

The higher average weekly benefit amount in fiscal year 1968 reflects the increases in the State Unemployment Insurance maximum weekly benefit amounts.

Based on the assumption that the State insured unemployment rate will be slightly lower in FY 1968 than in FY 1967, it is anticipated that there will be 31,000 fewer weeks compensated in the UCX program.

BENEFITS PAID FOR UNEMPLOYMENT COMPENSATION FOR UNEMPLOYED FEDERAL WORKERS AND EX-SERVICEMEN

Fiscal year 1966 actual

Month	Federal employees	Ex-servicemen	Total
July.....	\$3, 201, 116	\$4, 458, 621	\$7, 659, 737
August.....	3, 789, 572	5, 304, 700	9, 094, 272
September.....	3, 343, 150	4, 645, 147	7, 988, 297
Total, 1st quarter.....	10, 333, 838	14, 408, 468	24, 742, 306
October.....	3, 154, 606	3, 724, 051	6, 878, 657
November.....	3, 433, 745	3, 718, 661	7, 152, 406
December.....	3, 803, 045	4, 333, 980	8, 137, 025
Total, 2d quarter.....	10, 391, 396	11, 776, 692	22, 168, 088
January.....	3, 973, 752	4, 837, 320	8, 811, 072
February.....	4, 383, 993	4, 607, 931	8, 991, 924
March.....	4, 862, 317	4, 744, 612	9, 606, 929
Total, 3d quarter.....	13, 220, 062	14, 189, 863	27, 409, 925
April.....	3, 761, 589	3, 598, 967	7, 360, 556
May.....	3, 318, 761	2, 980, 275	6, 299, 036
June.....	3, 300, 179	2, 889, 258	6, 189, 437
Total, 4th quarter.....	10, 380, 529	9, 468, 500	19, 849, 029
Total for year.....	44, 325, 825	49, 843, 523	94, 169, 348

Fiscal year 1967 estimated

Month	Federal employees	Ex-servicemen	Total
July ¹	\$2, 637, 500	\$2, 431, 800	\$5, 069, 200
August ¹	3, 329, 000	3, 257, 700	6, 586, 700
September ¹	2, 744, 400	2, 552, 800	5, 297, 300
Total, 1st quarter.....	8, 710, 900	8, 242, 300	16, 953, 200
October ¹	2, 489, 700	2, 111, 500	4, 601, 200
November ¹	2, 851, 700	2, 463, 600	5, 315, 300
December.....	2, 958, 600	3, 024, 900	5, 983, 500
Total, 2d quarter.....	8, 300, 000	7, 600, 000	15, 900, 000
January.....	2, 600, 000	2, 700, 000	5, 300, 000
February.....	2, 500, 000	2, 600, 000	5, 100, 000
March.....	2, 700, 000	2, 700, 000	5, 400, 000
Total, 3d quarter.....	7, 800, 000	8, 000, 000	15, 800, 000
April.....	2, 600, 000	2, 600, 000	5, 200, 000
May.....	2, 500, 000	2, 500, 000	5, 000, 000
June.....	2, 389, 100	2, 357, 700	4, 746, 800
Total, 4th quarter.....	7, 489, 100	7, 457, 700	14, 946, 800
Total for year.....	32, 300, 000	31, 300, 000	63, 600, 000

¹ Actual rounded.

Fiscal year 1968 estimated

Month	Federal employees	Ex-service-men	Total
July.....	\$2,400,000	\$2,400,000	\$4,800,000
August.....	2,400,000	2,400,000	4,800,000
September.....	2,500,000	2,400,000	4,900,000
Total, 1st quarter.....	7,300,000	7,200,000	14,500,000
October.....	2,500,000	2,300,000	4,800,000
November.....	2,600,000	2,400,000	5,000,000
December.....	2,800,000	2,700,000	5,500,000
Total, 2d quarter.....	7,900,000	7,400,000	15,300,000
January.....	3,200,000	3,100,000	6,300,000
February.....	3,100,000	3,000,000	6,100,000
March.....	3,300,000	3,200,000	6,500,000
Total, 3d quarter.....	9,600,000	9,300,000	18,900,000
April.....	2,600,000	2,600,000	5,200,000
May.....	2,500,000	2,500,000	5,000,000
June.....	2,400,000	2,300,000	4,700,000
Total, 4th quarter.....	7,500,000	7,400,000	14,900,000
Total for year.....	32,300,000	31,300,000	63,600,000

ACTIVITY 3. TRADE ADJUSTMENT ALLOWANCES

1967.....	\$1,200,000
1968.....	1,200,000

NARRATIVE DESCRIPTION OF PROGRAM

The activity provides for assistance to workers in the form of weekly adjustment allowances to employees partially or totally separated from firms which make produces affected by the operation of the U.S.-Canadian Automotive Agreement. In addition to weekly readjustment allowances, the Trade Expansion Act provides for payment of relocation allowances to heads of families who cannot find jobs where they reside and have an offer or have obtained suitable employment of long duration in another area. The allowance includes cost of moving the workers and his family, plus a lump sum to cover additional personal cost resulting from the move.

Changes for 1968

1967 estimate.....	\$1,200,000
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	Number of workers	Average receiving allowance	Average weekly allowance	Total cost
Carryover from 1967: Workers pending placement.....	85	10	\$72	\$61,000
New petitions in 1968 APTA:				
Workers pending placement.....	780	18	72	1,010,000
Workers receiving MDTA training.....	125	10	72	90,000
Workers to be relocated.....	25	5	72	9,000
Total, weekly allowances.....	1,015			1,170,000
Relocation moving expenses, 25 workers at \$1,200 each.....				30,000

Grand total, allowances, 1968.....	1,200,000
------------------------------------	-----------

Trade adjustment assistance is payable under certain conditions to workers who lose their jobs as a result of an increase in imports. Such payments are made in accordance with the provisions of Title III of the Trade Expansion Act of 1962 (19 USC, sec. 1901-1991).

The Automotive Products Trade Act of 1965 (Public Law 89-283) implements an agreement between the United States and Canada for the free trade in automotive products between the two countries. In order to provide adjustment

assistance to workers who lose their jobs due to the working of the agreement, the provisions of Title III of the Trade Expansion Act were made applicable. These provisions provide that the Secretary of Labor "... shall pay or provide such assistance to applicants who are so entitled..." and indicated the manner in which this shall be accomplished. The Automotive Products Trade Act, however, established new and special standards, including detailed economic criteria for determining the cause of the dislocation, and for establishing the eligibility of firms and/or workers for this assistance.

Worker adjustment assistance benefits will be paid to automotive workers under APTA in accordance with the adjustment assistance provisions of the Trade Expansion Act. Such adjustment assistance is expected to cost \$1,200,000 in 1968. This includes \$1,170,000 for allowances of which \$61,000 is related to approximately 85 eligible workers who carry over entitlement from 1967 and \$1,109,000 is related to 1,015 workers whose entitlement will be established in 1968. Relocation of 25 workers will cost a total of \$30,000 at an average cost of \$1,200 per relocation.

During fiscal year 1967 claims have been filed for allowances to be paid to workers from the Ford Division, Pennsauken, New Jersey, Fisher Body Works, Grand Rapids, Michigan, and Fram Filter Co., Birmingham, Alabama, and the Gabriel Shock Absorber Co. of Cleveland, Ohio. The record to January, 1967 is as follows:

	Ford, New Jersey	Fram, Alabama	Fisher, Michigan	Gabriel, Ohio	Total
Number of affected workers.....	200	150	600	450	1,400
Number filing claims.....	148	86	578	330	1,142
Number paid allowances.....	133	82	304	300	819
Weeks compensated.....	3,350	1,490	4,500	3,200	12,540
Amount of allowances ¹	\$234,300	\$97,000	\$329,000	\$224,000	\$884,300

¹ Includes reimbursement to State agency for unemployment insurance benefits paid.

In fiscal year 1966 allowances of \$34,635 were paid to 42 workers from the Ford Division, Pennsauken, New Jersey.

Although only 819 persons have been found eligible for allowances to date with respect to the four certified petitions, we expect that there will be additional claimants from these companies becoming entitled to benefits during the fiscal year. In addition, we anticipate other petitions will be certified during fiscal year 1967 covering a total of 1,040 workers. To date, one additional petition by workers of the Borg-Warner Co. at Memphis, Tennessee covering approximately 130 workers has been filed but not yet certified.

Experience under APTA has been so limited as to provide no sound basis for projecting costs in 1968. One decision by Fisher Body Works of Grand Rapids, Michigan, has affected over 500 workers. The State agency estimate is that more than \$550,000 in allowances will be paid to these workers before they are all able to find suitable work, and before their entitlement expires. In view of the impossibility of predicting where and when other such actions are going to take place, this budget request is in reality a request for a contingency fund to be available as needed to cover the costs resulting from certified petitions. It is conceivable that no more petitions will be filed with the result that 1968 allowance cost will be only the amount necessary to cover the residual entitlement on current petitions. Conversely, only a few petitions filed and approved in the next year could result in a substantial workload well in excess of the 930 workers that we estimate will be newly entitled to allowances in 1968. Our request is based on our best estimate of the number of workers who will be included in certified petitions. In the event that the number of workers is less or the average length of unemployment is lower, some part of the allowance funds will remain unexpended.

The estimated cost of the claims of the four certified groups of workers plus those that we estimate will file petitions during 1967 is \$1,200,000. Based on limited experience with this act, it is estimated that the fiscal year 1968 activity will approximate that of 1967.

ACTIVITY 4. STATE ADMINISTRATION-TRADE ADJUSTMENT ACTIVITIES

1967	\$200,000
1968	200,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the services by the State Employment Security agencies in the administration of the worker adjustment assistance provisions authorized by the Automotive Products Trade Act of 1965. To provide these services will require the State Employment Security agencies to investigate worker employment histories in order to determine worker entitlement to adjustment assistance allowances; to administer the payment of allowances; to pay relocation expenses of workers transferred to a new area of residence; to determine if there were refusals to accept training without good cause, thus causing workers to lose their eligibility for allowances; to make weekly certification for training; to process and make payments of subsistence and travel expenses; to consult trainee and training facility concerning termination of training; to determine whether a weekly training payment should be denied; to prevent, detect and collect overpayments by examining the records of each separate payment; to prosecute for fraud; to furnish information for the annual report on activities under the Act; and to furnish information for investigation of anticipated economic impacts of other agreements contemplated under Section 202 of the Act.

In addition, the State Employment Security agencies will furnish employment services in the local offices of the State affected for the workers estimated to be found eligible for adjustment assistance. State agencies will promote new jobs opportunities and provide specialized placement services. Specialized and intensive counseling, testing and placement services will be utilized to reduce reliance on trade adjustment benefits and to return adversely affected workers to full employment as quickly as possible. All efforts will be made to locate suitable employment affording a reasonable expectation of long-term duration either in the area of residence or in another area within the United States.

Finally, the State Employment Security agencies in the State concerned will need to provide staff training, procedural development and overall program supervision.

In fiscal year 1967 to date, we have allocated funds to administer the APTA program in four States on the basis of workload which has developed under the four certified petitions.

The allocation is as follows:

Michigan	\$71,839
Alabama	10,831
New Jersey	21,412
Ohio	23,316

Total 127,398

Additional funds will be allocated as the need arises.

Changes for 1968

1967 estimate..... \$200,000

	Work-load	Unit time (hours)	Hours
Number of determinations.....	930	4	3,720
Number of payments.....	16,265	1½	8,130
Number of relocations.....	25	20	500
Total, payment processing.....			12,350
ES activities:			
Counseling, testing, referral to employment or training....	930	18	16,750
Special relocation.....	25	20	500
Total, ES activity.....			17,250
Total direct hours.....			29,600
Overall administration:			
Includes training, procedures development, evaluation, and overall supervision, 35 percent of direct hours.....			10,400
Total hours.....			40,000
Cost per hour.....			\$5.00

Total cost of State administration, 1968..... 200,000

Administrative expenses of State Employment Security agencies in connection with trade adjustment assistance are estimated to be \$200,000. This will include the cost of determining worker eligibility and payment of allowances; counseling, testing, referral and placement services and general staff training, procedural development and overall program administration. The funds will be distributed to State agencies in proportion to each State's share of the trade adjustment assistance activity during the year. A total of 21 positions will be needed in the State agencies to administer the program, which approximates the estimated number of positions for 1967.

PREPARED STATEMENT

Senator HILL. Mr. Goodwin, I believe you have two other items.

Mr. GOODWIN. Yes.

Senator HILL. Employment compensation to Federal employees and ex-servicemen.

Mr. GOODWIN. There are two short statements. The first is on unemployment compensation for Federal employees and ex-servicemen. (The statement follows:)

Mr. Chairman and Members of the Committee, in previous years this appropriation funded only the unemployment compensation benefits of Federal employees and ex-servicemen. Beginning in fiscal year 1966 the Congress directed that the administrative cost of adjustment assistance services and the cost of adjustment assistance allowances to workers, as directed by the Automotive Products Trade Act of 1965 and the Trade Expansion Act of 1962, be paid from this source. The total fiscal year 1968 estimate is \$65,000,000 which includes \$63,600,000 for benefits to former Federal civilian employees and to ex-servicemen and \$1,400,000 for costs under the trade program. The estimate assumes continued improvement in economic conditions and a low volume of unemployment.

As the Committee knows, in successive programs beginning with the Servicemen's Readjustment Act of 1944, the Federal government has provided the protection of unemployment insurance to ex-servicemen following their discharge from the armed services under conditions other than dishonorable. In 1958 this protection was made a permanent addition to title XV of the Social Security Act. Federal civilian workers, likewise, have been afforded this protection since January 1955, also under title XV of the Social Security Act.

Generally, the benefits provided under title XV are paid to ex-servicemen and former Federal civilian workers in accordance with the unemployment compensation law of the State to which the Federal wages are assigned. These State laws govern the amounts as well as the qualifying and eligibility requirements for receipt of the benefits. The temporary protection afforded to ex-servicemen and former civilian employees is similar to the protection that is available to workers in private industry against the risks of involuntary unemployment.

The Automotive Products Trade Act of 1965 (Public Law 89-283) implements an agreement between the United States and Canada for free trade in automotive products between the two countries. In an effort to assist those American firms and workers in the automotive industry who may be temporarily dislocated as a result of the agreement, the Act directs the Secretary of Labor to provide adjustment assistance in the form of weekly allowances, and in some cases relocation allowances, as well as special assistance in finding new jobs or assistance in entering training programs.

Of the \$63,600,000 estimated for unemployment compensation benefits \$31,300,000 will be required for the ex-servicemen's program and \$32,300,000 will be required for the Federal employee's program. The \$63,600,000 estimated for the two programs is the same amount as the amount now estimated for benefits in fiscal year 1967. Although the total amount of benefits is the same for both years we expect a higher weekly benefit amount to offset the decreasing workload in fiscal year 1968.

Early reports on the number of military separations in 1968 indicate that the total separations will be about 725,000. However, economic projections for fiscal year 1968 indicate that there will be a higher level of employment which should offset the effect of a higher volume of military separations.

To insure that payments will not be interrupted if the 1968 appropriation proves insufficient, language should be included (as it was in 1967) to permit

funds from the subsequent fiscal year to be used, if needed, after March 31, 1968, in the event that time will not permit obtaining a supplemental appropriation from Congress. This provision constitutes a major improvement in the financing of this program and we earnestly request that the same provisional language be included for the fiscal year 1968 appropriation.

The cost of administering the trade program and the allowances to be paid are estimated at \$1,400,000 for fiscal year 1968. The State Employment Security agencies are to provide employment services to the workers found eligible for adjustment assistance. These services include the promotion of new job opportunities and the provision of specialized placement services, as well as for the payment of readjustment and relocation allowances. To provide these services in 1968 to an estimated 1,015 workers estimated to be found eligible for assistance will require \$200,000.

This activity also provides for the cost of weekly readjustment and relocation allowances paid to eligible workers until they can find new work or until they are trained for new work. To provide for readjustment and relocation allowance payments to the estimated 930 workers for an average of 16 weeks eligibility in 1968, and the estimated 85 workers who will be carried over from 1967, will require a total of \$1,200,000.

Mr. Chairman, this concludes my statement on the estimate for Unemployment Compensation for Federal Employees and Ex-servicemen.

INCLUSION OF TRADE PROGRAMS IN APPROPRIATION

Mr. GOODWIN. To summarize briefly, Mr. Chairman, in previous years, this appropriation funded only the unemployment compensation benefits of Federal employees and ex-servicemen. Beginning in fiscal year 1966, the Congress directed that the administrative cost of adjustment assistance services and the cost of adjustment assistance allowances to workers as provided by the Automotive Products Trade Act of 1965 and the Trade Expansion Act of 1962 be paid from this source. The total fiscal year 1968 estimate is \$65 million which includes \$63.6 million for benefits to former Federal civilian employees and to ex-servicemen and \$1.4 million for costs under the trade program.

ANTICIPATED ECONOMIC IMPROVEMENT AND LOW UNEMPLOYMENT RATE

The estimate assumes continued improvement in economic conditions and a low volume of unemployment. Of the \$63.6 million estimated for unemployment compensation benefits, \$31.3 million will be required for the ex-servicemen's program and \$32.3 million will be required for the Federal employees program.

POSSIBLE INSUFFICIENT 1967 FUNDS FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

The \$63.6 million estimated for the two programs is the same as the amount now estimated for benefits in fiscal year 1967, although currently, our best guess for 1967 is at least \$73 million.

Senator HILL. You mean for the present fiscal year, 1967?

LANGUAGE REQUEST

Mr. GOODWIN. Yes, sir. To insure that payments will not be interrupted if the 1968 appropriation proves insufficient, we request the inclusion of language as it was in the 1967 to permit funds from the subsequent fiscal year to be used if needed after March 31, 1968, in

the event that time will not permit obtaining a supplemental appropriation from Congress. This provision constitutes a major improvement in the financing of the program.

TRADE PROGRAM

The cost of administering the trade program and the allowances to be paid are estimated at \$1.4 million for fiscal year 1968. This estimate covers the administrative costs of providing services to the workers found eligible for adjustment assistance including the promotion of new job opportunities, the provision of specialized placement services, and the payment of readjustment and relocation allowances.

It also provides for the cost of weekly readjustment and relocation allowances paid to eligible workers until they can find new work or until they are trained for new work.

This concludes my statement on the unemployment compensation for Federal employees and ex-servicemen, Mr. Chairman.

BUREAU OF EMPLOYMENT SECURITY, SALARIES AND EXPENSES

Mr. GOODWIN. My last statement is a short one, and is on the salaries and expenses for the Bureau of Employment Security.

APPROPRIATION ESTIMATE

BUREAU OF EMPLOYMENT SECURITY

SALARIES AND EXPENSES

For expenses necessary for the general administration of the employment service and unemployment compensation programs; performing functions under the Manpower Development and Training Act of 1962, as amended (42 U.S.C. 2571-2620); and administration of the Farm Labor Contractor Registration Act of 1963 (7 U.S.C. 2041); and activities relating to the admission and employment in agriculture of non-immigrant aliens in connection with the Secretary of Labor's responsibilities under the Immigration and Nationality Act (8 U.S.C. 1184); **[\$2,750,000] \$2,720,000**, together with not to exceed **[\$17,922,000] \$18,328,000** which may be expended from the employment security administration account in the Unemployment Trust Fund, of which not to exceed **[\$1,725,500] \$1,802,000** shall be available for activities of the farm labor services, and of which **[\$1,732,000] \$1,801,000** shall be for carrying into effect the provisions of title IV (except section 602) of the Servicemen's Readjustment Act of 1944.

Amounts available for obligation

	1967		1968	
	Trust fund	General revenue	Trust fund	General revenue
Appropriation or estimate.....	\$17,922,000	\$2,750,000	\$18,328,000	\$2,720,000
Proposed supplemental for pay increases (Public Law 89-504, effective July 3, 1966).....	+245,000	-----	-----	-----
Comparative transfer to the Office of the Secretary.....	-398,000	-28,000	-----	-----
Comparative transfer to Bureau of International Labor Affairs for Trade Adjustment Activities.....	-----	-100,000	-----	-----
Appropriation or estimate, revised.....	17,769,000	2,622,000	18,328,000	2,720,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Unemployment Insurance Service.....	299	\$3,998,400	299	\$4,093,100	-----	+\$94,700
(a) Unemployment insurance.....	174	2,302,800	174	2,357,700	-----	+54,900
(b) Administration and management.....	74	1,029,400	74	1,053,500	-----	+24,100
(c) Regional offices.....	51	666,200	51	681,900	-----	+15,700
2. U.S. Employment Service.....	841	10,582,100	850	10,979,300	+9	+397,200
(a) U.S. Employment Service.....	318	4,092,100	323	4,257,200	+5	+165,100
Regional offices.....	151	1,951,300	155	2,066,200	+4	+114,900
(b) Farm Labor Service.....	98	1,098,600	98	1,124,800	-----	+26,200
Regional offices.....	56	655,800	56	677,200	-----	+21,400
(c) Veterans' Employment Service.....	141	1,755,900	141	1,801,000	-----	+45,100
(d) Administration and management.....	77	1,028,400	77	1,052,900	-----	+24,500
3. Administration and management.....	108	1,271,900	108	1,304,100	-----	+32,200
(a) Office of the Administrator.....	40	517,800	40	528,000	-----	+10,200
(b) Administration and management.....	68	754,100	68	776,100	-----	+22,000
4. Manpower development and training activities.....	205	2,597,000	205	2,694,000	-----	+97,000
5. Farm labor contractor registration activities.....	14	234,600	14	236,000	-----	+1,400
(a) State administration.....	-----	100,000	-----	100,000	-----	-----
(b) Federal administration.....	14	134,600	14	136,000	-----	+1,400
6. Admission and employment in agriculture of nonimmigrant aliens.....	70	994,300	70	1,011,600	-----	+17,300
7. Admission and employment of immigrant aliens.....	60	712,700	60	729,900	-----	+17,200
Total obligations.....	1,597	20,391,000	1,606	21,048,000	+9	+657,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	1,597	1,606	+9
Average number of all employees.....	1,430	1,489	+59
11 Personnel compensation.....	\$14,754,900	\$15,465,100	+\$710,200
12 Personnel benefits.....	1,106,600	1,159,900	+53,300
21 Travel and transportation of persons.....	1,157,500	1,169,800	+12,300
22 Transportation of things.....	52,700	52,700	-----
23 Rent, communications, and utilities.....	699,000	676,700	-22,300
24 Printing and reproduction.....	328,800	330,500	+1,700
25 Other services.....	1,182,400	1,097,300	-85,100
Services of other agencies.....	725,100	725,100	-----
26 Supplies and materials.....	209,100	210,000	+900
31 Equipment.....	74,900	60,900	-14,000
41 Grants, subsidies and contributions.....	100,000	100,000	-----
Total obligations.....	20,391,000	21,048,000	+657,000
Working capital fund items included above.....	(966,100)	(973,000)	(+6,900)

Summary of changes

	Trust fund	General revenue	Total
1967 enacted appropriation.....	\$17,922,000	\$2,750,000	\$20,672,000
Proposed supplemental for pay increases (Public Law 89-504, effective July 3, 1966).....	+245,000	-----	+245,000
Comparative transfer to Office of the Secretary ¹	-398,000	-28,000	-426,000
Comparative transfer to Bureau of International Labor Affairs ²	-----	-100,000	-100,000
1967 appropriation, revised.....	17,769,000	2,622,000	20,391,000
1968 estimate.....	18,328,000	2,720,000	21,048,000
Total change.....	+559,000	+98,000	+657,000
MANDATORY ITEMS			
Increases:			
Net additional cost to restore pay costs absorbed in 1967.....	+200,000	+90,000	+290,000
Net additional cost of within-grade promotions effective for part year in 1967.....	+162,900	+23,300	+186,200
Net cost of within-grade promotions becoming effective in 1968.....	+126,500	+20,400	+146,900
Decreases:			
Nonrecurring extra day of pay of current year staff.....	-58,200	-7,700	-65,900
Nonrecurring rental transfer to GSA.....	-----	-24,200	-24,200
Subtotal, mandatory items.....	+431,200	+101,800	+533,000
PROGRAM ITEMS			
Increases: Funding of civil defense function formerly financed by the Office of Emergency Planning (9 positions; \$124,700 personal services, \$13,300 nonlabor costs).....	+138,000	-----	+138,000
Decreases: Nonrecurring equipment costs for new positions in 1967.....	-10,200	-3,800	-14,000
Subtotal, program items.....	+127,800	-3,800	+124,000
Total change.....	+559,000	+98,000	+657,000

¹ Includes 24 trust fund positions and 1 general revenue position transferred for audit functions.² Includes 8 positions for trade adjustment activities.

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5		Activity 6		Activity 7		Total	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Net pay increase costs.....		\$42,100		\$122,700		\$17,200		\$89,300				\$10,800		\$7,900		\$290,000
Net additional cost of within-grade pro- motions effective for part year in 1967.....		39,800		101,200		9,300		23,300		\$1,300		4,400		6,900		186,200
Net within-grade promotion costs ini- tially effective in 1968.....		29,000		77,300		10,700		20,000		700		4,600		4,600		146,900
Decrease for nonrecurring extra day of pay.....		-12,900		-35,900		-4,200		-7,600		-600		-2,500		-2,200		-65,900
Decrease for nonrecurring rental costs.....								-24,200								-24,200
Total.....		98,000		265,300		33,000		100,800		1,400		17,300		17,200		533,000

Explanation of mandatory changes for 1968

Increases: To restore pay costs absorbed in 1967-----	\$290,000
Within-grade promotion costs:	
1968 net additional cost of within-grade promotions effective part year in 1967-----	+\$186,200
Personnel compensation-----	192,752
Deduct lapse-----	-5,552
Deduct savings due to turnover-----	-14,000
Personnel benefits-----	13,000
Net cost-----	186,200
1968 adjusted net additional cost of within-grade promotions effective for part year in 1967-----	186,200
Net costs of within-grade promotions becoming effective during 1968-----	+\$146,900
Personnel compensation-----	151,425
Deduct lapse-----	-3,825
Deduct savings due to turnover-----	-10,900
Personnel benefits-----	10,200
Net cost-----	146,900
1968 adjusted net cost of within-grade promotions becoming effective during 1968-----	146,900
Decreases:	
Nonrecurring extra day of pay of current year staff-----	-65,900
Nonrecurring rental transfer to GSA-----	-24,200
Total, mandatory items-----	+533,000

Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
11 Personnel compensa- tion-----			9	\$116,000					9	\$116,000
12 Personnel benefits-----				8,700						8,700
21 Travel and transporta- tion of persons-----				7,900						7,900
22 Transportation of things-----										
23 Rent, communications, and utilities-----				1,900						1,900
24 Printing and reproduction-----				1,700						1,700
25 Other services-----				900						900
26 Supplies and materials-----				900						900
31 Equipment-----		-\$3,300		-6,100		-\$800		-\$3,800		-14,000
Total-----		-3,300	9	131,900		-800		-3,800	9	124,000

Distribution of field staff

	1967			1968		
	Profes- sional	Clerical	Total	Profes- sional	Clerical	Total
Atlanta, Ga.....	28	14	42	29	14	43
Boston, Mass.....	24	11	35	24	11	35
Chambersburg, Pa.....	22	11	33	23	11	34
Chicago, Ill.....	23	11	34	22	11	33
Cleveland, Ohio.....	23	11	34	23	11	34
Dallas, Tex.....	26	12	38	27	12	39
Denver, Colo.....	23	9	32	24	9	33
Kansas City, Mo.....	21	10	31	21	10	31
New York, N.Y.....	28	12	40	28	12	40
San Francisco, Calif.....	48	19	67	48	19	67
Seattle, Wash.....	20	10	30	21	10	31
Subtotal.....	286	130	416	290	130	420
Veterans Employment Service.....	77	52	129	77	52	129
Total.....	363	182	545	367	182	549

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$15,465,100

This estimate provides for 1,606 full-time positions or 1,489 man-years. Of this, 507 man-years and \$5,347,000 are allocated to field personnel compensations and 978 man-years and \$10,118,100 for departmental. Includes a decrease of \$685,100 to meet the limitation on average compensation established by the Bureau of the Budget. The estimate also reflects an increase of 50 man-years over 1967 because of the specific limitation placed on personnel compensation in 1967 by the Bureau of the Budget.

Personnel benefits, \$1,159,900

This estimate is an increase of \$53,300 over the 1967 estimate and will provide for related personnel benefits as follows:

	1967	1968	Change
Employees' group life insurance.....	\$48,000	\$50,300	+\$2,300
Employees' health benefits.....	95,700	96,500	+800
Contributions to CSC retirement fund.....	932,200	979,900	+47,700
Refunds, awards, and indemnities.....	12,000	12,000	-----
Contributions under the Federal Insurance Contribution Act.....	18,700	21,200	+2,500
Total.....	1,106,600	1,159,900	+53,300

Travel and transportation of persons, \$1,169,800

This estimate is an increase of \$12,300 over 1967 and provides for the program increase as follows:

	1967	1968	Change
37,287 days of travel at \$16 per diem.....	\$590,300	\$596,600	+\$6,300
Mileage and transportation costs.....	544,000	549,800	+5,800
All other transportation costs.....	23,200	23,400	+200
Total.....	1,157,500	1,169,800	+12,300

Transportation of things, \$52,700

This estimate provides for the moving of household goods, shipment of supplies, printed material and Post Office mailings and is the same as in 1967.

Rent, communications and utilities, \$676,700

This estimate provides for communications and rental of office space as follows:

	1967	1968	Change
Rents.....	\$203,400	\$179,200	—\$24,200
Paid official mail.....	46,300	46,300	-----
Communication services, including telephone calls, GSA tele- communications, teletype, and telegrams.....	151,600	151,600	-----
Working capital fund.....	297,700	299,600	+1,900
Total.....	699,000	676,700	—22,300

Printing and reproduction, \$330,500

This estimate reflects an increase of \$1,700 over 1967 and provides for the printing of forms, publications and schedules as follows:

	1967	1968	Change
Publications:			
Employment Security Review.....	\$50,400	\$50,400	-----
Unemployment Insurance Review.....	23,000	23,000	-----
Benefit Series.....	11,000	11,000	-----
Farm Labor Developments.....	8,000	8,000	-----
Forms and schedules.....	13,500	13,200	—300
Reproduction services.....	63,900	63,900	-----
Working capital fund.....	159,000	161,000	+2,000
Total.....	328,800	330,500	+1,700

Other services, \$1,822,400

This estimate is a decrease of \$85,100 from the 1967 estimate and includes an increase of \$685,100 to offset the decrease in object 11 resulting from the limitation on average compensation and provides for the following:

	1967	1968	Change
Moving, maintenance, repairs.....	\$45,600	\$44,400	—\$1,200
Health room services.....	14,800	14,800	-----
Repairs to office machines, equipment.....	17,200	17,200	-----
Security investigations (10 investigations, at \$415).....	4,000	4,200	+200
Working capital fund.....	329,700	331,600	+1,900
Increase to offset decrease in personnel compensation.....	771,100	685,100	—86,000
Services of other agencies:			
State merit system.....	137,100	137,100	-----
Machine tabulations.....	13,400	13,400	-----
Automatic data processing.....	249,500	249,500	-----
Contractual services.....	110,000	110,000	-----
Bureau of Census.....	215,100	215,100	-----
Total.....	1,907,500	1,822,400	—85,100

Supplies and materials, \$210,000

This estimate is an increase of \$900 over 1967 and provides for:

	1967	1968	Change
Desk top and duplicating supplies.....	\$29,400	\$29,200	—\$200
Working capital fund.....	179,700	180,800	+1,100
Total.....	209,100	210,000	+900

Equipment, \$60,900

This estimate is a net decrease of \$14,000 from 1967 and provides for :

	1967	1968	Change
Nonrecurring equipment costs for new positions in fiscal 1967	\$14,000		—\$14,000
Replacement of wornout equipment	60,900	\$60,900	
Total	74,900	60,900	—14,000

Grants, subsidies and contributions, \$100,000

This estimate remains the same as in 1967.

Summary of new positions

	Grade	Number	Amount
Activity 2. U.S. Employment Service:			
Departmental:			
Chief of Branch	GS-14	1	\$17,198
Manpower Advisor	GS-13	2	28,882
Clerk	GS-6	1	7,451
Secretary	GS-5	1	6,387
Total		5	59,918
Regional offices: Regional coordinator	GS-13	4	58,212
Grand total		9	118,130

MANDATORY INCREASES AND EMERGENCY PREPAREDNESS FUNCTIONS

Mr. GOODWIN. Mr. Chairman, members of the committee, the fiscal year 1968 estimate for operation of the Bureau of Employment Security is \$21,048,000. This is an increase of \$657,000 over the adjusted appropriation for fiscal 1967 and provides for mandatory increases only, except for \$138,000 to directly finance emergency preparedness functions previously funded by allocation from the Office of Emergency Planning.

Mandatory increases for such items as additional pay costs and within-grades, offset by nonrecurring costs net to \$519,000.

NONRECURRING COSTS

Senator HILL. You are speaking about nonrecurring costs. What do you have in mind there?

Mr. GOODWIN. I am not sure just what those are Mr. Curtis, what are those nonrecurring costs?

Mr. CURTIS. It covers 1 less day of pay, rental costs being picked up by GSA, and nonrecurring equipment purchases, Mr. Chairman.

Senator HILL. What sort of equipment?

Mr. CURTIS. For new employees in 1967. We don't have new employees in 1968.

Mr. GOODWIN. Mr. Chairman, my statement in support of the request for grants to States describes the studies undertaken to improve the management of the employment security system and to take fuller advantage of automatic data processing technology. I will not repeat that information here but I should point out its relevance to the work program and resource needs of the Bureau.

REDIRECTION OF STAFF EFFORTS

We have consequently undertaken a substantial redirection of the staff efforts of the Bureau's Unemployment Insurance Service so as to accomplish the objectives related to the Federal-State unemployment insurance system which were adopted as a result of the Cresap, McCormick, and Paget study.

DATA PROCESSING

In 1967 the Service will have made considerable progress toward developing and testing the new management system and new operating methods to take advantage of new technology in automatic data processing and source data automation. In 1968 we expect to concentrate heavily on refining the new systems and extending their installation in State agencies.

Senator HILL. These new systems have become very much in vogue in these recent years, haven't they?

Mr. GOODWIN. Yes, and we have the kind of operation, Mr. Chairman, that lends itself to improvement through the use of automatic data processing.

We have been using it for a good many years on certain aspects of the unemployment insurance program and the recommendations now will extend this to other operations. We think we will cut costs in certain areas and increase our efficiency in all areas by making this move.

MANPOWER POLICY IMPLEMENTATION

The Nation has come to recognize the need for an active manpower policy and we are developing a variety of approaches to implement this policy in the U.S. Employment Service and its affiliated State agencies. Detailed discussions of the new directions of the employment service programs are contained in my presentation of grants to States and in the budget estimates.

U.S. EMPLOYMENT SERVICE

The U.S. Employment Service functions as the overall manpower agency to provide leadership, direction, and coordination of the operations of public employment service offices. This includes developing policies, program activities, procedures, tools and techniques, and guidelines to the States and local offices. These responsibilities entail an efficient job placement service, counseling and testing services to assist workers and employers, intensive services to youth, disadvantaged jobseekers, older workers, handicapped, minority groups, and services to smaller communities.

HUMAN RESOURCES DEVELOPMENT PROGRAM

During fiscal year 1967, plans are being developed and implemented to integrate all activities to serve disadvantaged persons into a single coordinated effort under the human resources development program.

SERVICE PLANS

Directly related to these efforts are the installations of plans of service which are currently underway. These are operational plans which identify needs of jobseekers, employees, and the community for manpower service within a fiscal year; identify other agencies and organizations which can provide needed services to jobseekers; and provide a basis for the best utilization and assignment of staff resources.

NEW TECHNIQUES AND METHODS

Coupled with the plans of service installations are the installations of new techniques and methods for improving local office management and supervision, and evaluation of management and operations, and implementation of corrective action.

MANAGEMENT IMPROVEMENT AND NEW APPROACHES

Fiscal year 1968 will be a year of innovation in improving the basic services provided by the employment security system. Improvements in management will be coupled with a variety of new approaches to continuing problems. We are requesting no increase in staff to implement these proposals.

NONINCREASE OF PERSONNEL

Mr. Chairman, this concludes my statement on the estimate for "Bureau of Employment Security, salaries and expenses."

Senator HILL. You are asking no additional staff?

REPORT ON REVIEW OF CRITERIA FOR LOCATING LOCAL OFFICES

Mr. GOODWIN. No additional staff, no, sir. I would like to submit for the record, Mr. Chairman, a report which was suggested by this committee last year asking for a review of the criteria for the location of local offices. The reason it is an interim report and not a final report is because the changes that we are in the process of making may affect the need for local offices, for instance, the use of automatic data processing equipment.

When we finally get our plan for that operation, it may affect to some extent the need for local offices, their number, location, and other criteria. At this time, therefore, we are submitting an interim report and we will be glad to report in full to the committee as soon as we have completed our study.

Senator HILL. When do you think that will be, Mr. Goodwin?

Mr. GOODWIN. I doubt if we will have that full report before our appearance before your committee next year. There is a lot involved in the automatic data processing study.

Senator HILL. But you will give us an interim report for this record.

Mr. GOODWIN. Yes, sir.

Senator HILL. All right.

POSSIBLE SUBMISSION OF PROGRESS REPORTS

Mr. GOODWIN. It may be desirable for us to submit an additional report before we are through; in other words, another progress report

may be desirable. In any event, we will keep the committee fully informed of developments in this area.

(The report follows:)

Last year the Committee suggested that the Bureau of Employment Security reexamine the criteria now being used for approving the establishment of new or additional offices within a State.

Such a reexamination is underway. Currently, however, there are factors involving both the employment service and unemployment insurance operations which must be weighed and evaluated before new criteria are introduced.

The employment service is developing new approaches and trying new methods in order to improve its service to certain segments of the work force. For instance, the State employment services will have opened Youth Opportunity Centers in 139 different areas in a major effort to provide more effective service to young workers. No prior criteria governing the establishment of such offices were in existence.

At the same time we have recently been experiencing the lowest unemployment insurance claims loads since World War II. The claims load in most areas is now less than half of what it was a few years ago. As responsible public officials at both the State and Federal level, we are concerned with providing adequate service without undue claimant hardship, while seeking to avoid unnecessary expenditures for local office facilities or staff in excess of actual needs. Although volumes are down, it should be noted that the provisions of State laws in recent years have become increasingly complex, requiring a larger portion of the staff to specialize in claims determination and adjudication. Fortunately, there have been offsetting savings in clerical and routine operations through use of automatic data processing equipment, and experiments are currently underway which may make even greater reliance upon computers possible. If these experiments are as successful as we expect they will be, they could influence substantially the size, nature and location of claims offices in the future. These trends and circumstances are cited to illustrate some of the difficulties of establishing uniform criteria. Perhaps the most basic difficulty in applying the same criteria in all States stems from the widely varying degree of decentralization of claims functions to the local office. In some States practically all claims determinations as well as actual payment of benefits are made at the local office. In other States all determinations are made and benefit checks written and mailed to the claimants by central office staff. The size, number and distribution of offices can hardly be expected to be the same in these two situations.

As described in our budget submittal, we have a contract with Cresap, McCormick and Paget, a management consultant firm, for review of the Bureau's present system of financial management of grants to State agencies. The firm has recommended and both the Bureau and the States have accepted, in principle, a system which will give the State a greater degree of latitude in carrying out a State plan of service once the Bureau has accepted it. With particular application to employment service operations, this will mean that, in the future, the location of offices as well as their size and function will be governed by State and local plans of service. In the Standard Metropolitan Statistical areas this will mean less reliance upon uniform criteria and statistical measures than upon the individual needs of the community and the plan which has been developed to meet those needs.

We are well underway in introducing this concept. The State agencies have already been asked to submit a plan for each of the 148 areas which have substantial concentrations of hard-core unemployment, and they will be asked to submit a plan for the other areas in their States as a part of our process of allocating funds for State employment service administration in Fiscal Year 1968. In reviewing these plans, no rigid criteria will be utilized in determining the need for individual local offices in Standard Metropolitan Statistical areas. For example, the former requirement that there be a net total of 25,000 wage and salaried workers who both work and live in a self-contained area in order to establish a separate geographical office in an SMSA will not be applied.

Outside the Standard Metropolitan Statistical areas there are some well-established guidelines now used in approving the establishment of new or additional local offices. These are contained in Sections 4200-4249 of Part I of the *Employment Security Manual*, and they were developed after intensive review and examination by the Bureau and a special committee of the Interstate Conference of Employment Security agencies. They limit the approval of offices to

those which can be justified on the basis of potential or predictable workload which might be reasonably anticipated in the area to be served by the proposed local office. This seems a basically sound approach and we see no reason to abandon it. On the other hand, the specific guidelines were developed more than ten years ago. They should and will be reviewed to see what up-dating is in order. Particular attention will be given to determining the potential needs for other employment service activities in addition to placement. This calls for additional consultation with the States which will be undertaken within the next few weeks.

VETERANS EMPLOYMENT SERVICE

RESOLUTION EXPRESSING APPRECIATION FOR SPECIAL EMPLOYMENT EFFORTS FOR VETERANS

Mr. GOODWIN. Now, Mr. Omohundro, Chief of the Veterans' Employment Services is here, and he would be glad to make a very brief statement if the committee wishes.

Senator HILL. I notice from your statement that you are pleased to report that the American Legion, the American Veterans of World War II, and Korea, Disabled American Veterans and the Veterans of Foreign Wars, the Jewish War Veterans and other organizations have expressed their confidence in and appreciation for the contribution of the Veterans' Employment Service, the Bureau of Employment Security, and State associations by passing resolutions at their last national convention is endorsing the principle of special employment efforts for veterans.

Mr. GOODWIN. That is correct.

PREPARED STATEMENT

Senator HILL. I think unless there is something in here that you think ought to be emphasized, we will put this statement in full in the record at this point.

Mr. GOODWIN. There are one or two points that it might be well to ask Mr. Omohundro to emphasize.

(The statement follows:)

Mr. Chairman and Members of the Committee, it is a real pleasure for me to have the opportunity of appearing before this committee again. Since I appeared last year, the enactment of the Veterans' Readjustment Benefits Act of 1966 has had a great impact on the veteran workload of the public employment offices. As soon as this new GI Bill was signed on March 3, 1966, these offices began registering the young post-Korean Conflict veterans on salmon-colored veterans' application cards. In terms of volume, new job applications of veterans increased 55% during April-November 1966 over the same period of the previous year, 1,045,000 as compared with 675,000 applications.

This is the first time since the end of the Korean Conflict that young servicemen and women are classified as veterans when they come out of the Armed Forces. At the time they are separated from active duty, their average age is 22.3 years. Since the new GI Bill has no termination date, there will be a cumulative increase in the post-Korean Conflict veteran population. As of November 1966, 4.3 million of these veterans were in civilian life, and the estimated total in 1972, is 7.1 million. It is estimated that nearly three quarters of a million recently separated service personnel will become veterans in 1968.

To carry out the employment provisions of all of the GI Bills—the Servicemen's Readjustment Act of 1944, and the Veterans' Readjustment Assistance Act of 1952, as well as the new law—the public employment service is committed to providing all veterans "the maximum of job opportunity in the field of gainful employment." This includes not only such basic services as employment counseling and job referral, but also new and expanded services designed to meet the particular employment needs of the post-Korean Conflict veterans. To meet these requirements within current staff resources presents a major challenge to the public employment offices, particularly since they are also called upon to provide much needed services to other groups.

The Bureau's salaries and expenses estimate contains a limitation of \$1,801,000 for the Veterans' Employment Service in 1968. This represents an increase of \$69,000 over the \$1,732,000 appropriated for 1967. All of the increase is to cover mandatory items, particularly within-grade pay increases and a portion of the full year pay costs absorbed in 1967.

During fiscal year 1966, 1,172,500 veterans applied for employment assistance at the local State employment service offices. These veterans were placed in 974,200 non-agricultural jobs. This includes 121,100 job applications and 103,800 job placements of disabled veterans. In addition to referral to job openings, these offices refer veterans to training and retraining courses, especially occupational training which has been established under the Manpower Development and Training Act. During the 4-year period between September 1, 1962, and September 1, 1966, about 76,000 veterans have received MDTA classroom training. Veterans represent 37% of all the men enrolled. In addition, 3,900 female veterans completed this training. While their former occupations, are those for which there generally is little demand, these retrained veterans have been prepared for short-supply occupations.

In 1966, 12,300 veterans personally visited our Veterans Employment Service field staff seeking employment and other related assistance. Another 1,700 veterans' problem cases were referred to the field staff from Congressional and other sources for particular attention. The Veterans Employment Service field representatives also made about 36,000 contacts with employers, veterans' organizations and other agencies to promote employment of veterans. In addition, they made 4,800 local office visits and 1,400 formal evaluations of services to veterans in local public employment offices.

The Veterans Employment Service provides specialized assistance to career military retiree. Upon separation from military service after active duty of 20 or more years, these retirees average 46 years of age, and they usually have little or no experience in civilian employment. Although most employers consider such a military background to be valuable, many of the some 50,000 career military retirees who enter civilian life each year need assistance to make a smooth transition to civilian jobs. The Employment Service Military Retiree Program consists of comprehensive retirement briefings on the military bases which are scheduled well in advance of retirement. This gives the future retiree an opportunity to anticipate and plan for his civilian employment—its requirements, opportunities, possible problem areas. During 1966, about 28,000 military retirees attended 469 such briefings. Many of these veterans subsequently visited the local employment offices for individual employment counseling, aptitude testing, job information on geographic areas of interest, as well as placement assistance.

It might be of interest to note parenthetically that there are currently about 25.7 million veterans in the population of the United States, about 4.3 million of whom are post-Korean Conflict veterans. Veterans, members of their families and surviving dependents make up a total of about 93.5 million persons.

Again, Mr. Chairman, I am pleased to report to you and the Members of the Committee that the American Legion, American Veterans of World War II, and Korea, Disabled American Veterans, the Veterans of Foreign Wars, Jewish War Veterans, and other veterans' organizations have expressed their confidence in and appreciation for the accomplishments of the Veterans Employment Service, the Bureau of Employment Security, and the State employment services by passing resolutions at their last National conventions, endorsing the principle of special employment efforts for veterans.

Mr. Chairman, this concludes my statement on the estimate for the Veterans Employment Service.

UNEMPLOYED VETERAN CATEGORIES

Senator HILL. You may proceed, sir.

Mr. OMOHUNDRO. Mr. Chairman, I only have two items on which I could perhaps elaborate that are covered in more detail in my prepared statement. They are that the unemployed veterans that are now in the files of the public employment services fall into one of two categories.

HARD-CORE, HARD-TO-PLACE VETERANS

First, there is the hard-core, hard-to-place older veteran. The majority of these are the veterans of World War II, Mr. Chairman. Many

of them have obsolete skills. They have educational limitations. They may have incurred a physical disability since their discharge.

Senator HILL. When you speak about an obsolete skill, give me an illustration, will you?

Mr. OMOHUNDRO. Mr. Chairman, many of these men took advantage of the on-the-job training which was included in the GI bill in 1944 and some of the training opportunities which they took advantage of at that time have now more or less become obsolete through automation or other new modern methods.

These older veterans require intensive counseling, testing, and very, very close work in referring them to opportunities of training under the Manpower Development and Training Act.

POST-KOREAN VETERANS

The younger veteran, the veteran of the post-Korean conflict, who is very much in demand by employers, has an average age of 22.3, and a great percentage of them have a high school education.

Our responsibility toward these younger men is to see to it that they take advantage of the educational and training opportunities now available but if they are ready to go to work immediately, we are not just trying to find them any job.

We are trying to find them the right job, the job where they will be able to utilize their skills and abilities and also have an excellent opportunity for promotion.

RELEASES FROM MILITARY SERVICE

The projection that we receive from the Department of Defense, Mr. Chairman, is that for fiscal year 1967 there will be approximately 650,000 of these young men released from the military service.

In fiscal year 1968 there will be 725,000 and in fiscal year 1969 anywhere from 850,000 to 950,000. We have in the Department of Labor a supplemental being cleared to try and provide additional services to these men whom I just mentioned at the separation centers and also through the local public employment office.

That is all I have to say.

Senator HILL. You have quite a job there.

Mr. OMOHUNDO. We do.

INTRODUCTION OF STAFF MEMBERS

Mr. GOODWIN. Mr. Chairman, I had expected to have some members of my staff at the table with me when this was presented but I would at least like to introduce them if I may.

You have met Bill Curtis, who answered the question a minute ago. There is Frank Cassell, who is the Director of the U.S. Employment Service, and Bill Norwood, who is the director of the unemployment insurance program.

Frank Potter, in charge of the farm program is not here but I believe Jack Donnschie, the assistant is.

Senator HILL. Is he down in Florida picking citrus?

Mr. GOODWIN. He is out in California attending a statewide farm meeting. We also have with us Mike Nastick, our budget officer.

OFFICE OF MANPOWER ADMINISTRATOR, SALARIES AND EXPENSES

STATEMENT OF DR. CURTIS C. ALLER, ASSOCIATE MANPOWER ADMINISTRATOR; ACCOMPANIED BY MISS MARGARET E. THOMAS, ASSISTANT MANPOWER ADMINISTRATOR FOR ADMINISTRATION; AND HERBERT A. MEYER, CHIEF, BUDGET DIVISION, OFFICE OF FINANCIAL AND MANAGEMENT SERVICES

APPROPRIATION ESTIMATE

OFFICE OF MANPOWER ADMINISTRATOR, SALARIES AND EXPENSES

For the necessary expenses for the Office of the Manpower Administrator, including administering the Manpower Development and Training Act of 1962, as amended, and research under such Act, and for performing the functions of the Secretary in the fields of automation and manpower **[\$30,900,000]** *\$36,779,000* to remain available until June 30, **[1968]** 1969.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$30,900,000	\$36,779,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504, effective July 3, 1966).....	97,000	-----
Comparative transfer to the Office of the Secretary for centralized audit and accounting systems development.....	-185,000	-----
Appropriation available from prior year.....	11,020,740	-----
Total fund availability or estimate.....	31,832,740	36,779,000

Obligations by activity

Description	Total fund availability, 1967 ¹		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Experimental, demonstration, and research programs.....	-----	\$24,684,120	-----	\$29,883,000	-----	+\$5,198,880
2. Planning, research, and evaluation.....	282	5,295,800	282	5,068,100	-----	-227,700
3. Financial and management services.....	110	1,541,320	110	1,512,600	-----	-28,720
4. Executive direction.....	18	311,500	18	315,300	-----	+3,800
Total obligations.....	410	31,832,740	410	36,779,000	-----	+4,946,260

¹ Breakdown of carryover funds is as follows:

Activity 1.....	\$684,120
Activity 2.....	290,000
Activity 3.....	46,620
Total.....	1,020,740

Obligations by object

	Appropriation revised, 1967	Estimates 1968	1968 change
Total number of permanent positions.....	410	410	-----
Positions other than permanent.....	4	4	-----
Average number of all employees.....	387	391	+4
11 Personnel compensation.....	\$4,360,700	\$4,460,400	+\$99,700
12 Personnel benefits.....	322,600	230,200	+7,600
21 Travel and transportation of persons.....	240,200	244,100	+3,900
22 Transportation of things.....	10,100	10,100	-----
23 Rent, communications, and utilities.....	188,300	156,900	-31,400
24 Printing and reproduction.....	262,400	203,400	+1,000
25 Other services.....	1,692,120	1,373,800	-318,320
Services of other agencies.....	24,684,120	29,883,000	+5,198,880
26 Supplies and materials.....	75,300	76,100	+800
31 Equipment.....	56,900	41,000	-15,900
Total obligations.....	31,832,740	36,779,000	+4,946,260
Working capital fund items included above.....	(306,000)	(306,000)	-----

Summary of changes

1967 enacted appropriation.....	\$30,900,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (P.L. 89-504 effective July 3, 1966).....	97,000
Comparative transfer to Office of the Secretary ¹	-185,000
1967 appropriation, adjusted.....	30,812,000
Appropriation available from prior year.....	1,020,740
1967 estimated fund availability.....	31,832,740
1968 estimate.....	36,779,000
Total change.....	+4,946,260

MANDATORY ITEMS

Increases:	
Net additional cost of within-grade promotions effective for part year in 1967.....	+44,300
Net cost of within-grade promotions becoming effective in 1968.....	+55,400
Decreases:	
Nonrecurring extra day of pay for current year staff.....	-19,700
Nonrecurring rental costs.....	-34,619
Subtotal, mandatory items.....	+45,381

¹ There are 11 positions in the comparative transfer.

PROGRAM ITEMS

Increases:

Research program:

The additional funds in 1968 will finance research concerning the adequacy, extent, and quality of the Nation's overall occupational training policies and practices ----- +\$500, 000

Experimental and demonstration program:

The additional funds in 1968 will finance experimentation and demonstration projects directed toward developing additional new forms of private industry-government cooperative effort to train and to gain meaningful employment for the severely disadvantaged unemployed and underemployed ----- +5, 583, 000

To provide on a full-year basis in 1968 for cost for 33 new positions which the Congress authorized for FY 1967 but provided funding to fill them for only an average of 10 months (Personal services \$43,600; non-labor \$10,919) ----- +54, 519

Subtotal, increases ----- +6, 137, 519

Decreases:

Nonrecurring equipment costs for new positions in 1967 ----- -15, 900

Nonrecurring 1966 funds available for obligations in 1967 ----- -1, 020, 740

To provide for a reduction in the level of the Labor Mobility Demonstration Program ----- -200, 000

Subtotal, decreases ----- -1, 236, 640

Subtotal, program items ----- +4, 900, 879

Total change ----- +4, 946, 260

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Net additional cost of within-grade promotions effective for part-year in 1967 -----				+31, 100		+11, 700		+\$1, 500		+\$44, 300
Net within-grade promotion costs initially effective in 1968 -----				+37, 500		+14, 500		+3, 400		+55, 400
Decrease for 1 less day of pay -----				-13, 600		-5, 000		-1, 100		-19, 700
Decrease for non-recurring rental costs -----				-24, 619		-10, 000				-34, 619
Total -----				+30, 381		+11, 200		+3, 800		+45, 381

190 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Explanation of mandatory changes for 1968

Increases :

Within-grade promotion costs :

1968 net additional cost of within-grade promotions effective for part-year in 1967-----	+\$44, 300
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Personnel compensation-----	49, 249
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Deduct lapse-----	- 1, 405
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Deduct savings due to turnover-----	-6, 244
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Personnel benefits-----	2, 700
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Net cost-----	44, 300
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Net cost of within-grade promotions becoming effective during 1968 -----	+55, 400
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Personnel compensation-----	61, 868
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Deduct lapse-----	-2, 090
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Deduct savings due to turnover-----	-8, 578
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Personnel benefits-----	4, 200
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Net cost-----	55, 400
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Decreases :

Nonrecurring extra day of pay for current year staff-----	-19, 700
---	----------

Nonrecurring rental costs-----	-34, 619
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Total, mandatory items-----	+45, 381
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Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation.....				+\$30,500		+\$10,000				+\$40,500
12 Personnel benefits.....				+2,300		+800				+3,100
21 Travel and transportation of persons.....				+2,200		+1,700				+3,900
23 Rent, communications, and utilities.....				+1,419		+1,800				+3,219
24 Printing and reproduction.....				+500		+500				+1,000
25 Other services.....		+\$5,198,880		-289,000		-45,620				+4,864,260
26 Supplies and materials.....				+400		+400				+800
31 Equipment.....				-6,400		-9,500				-15,900
Total.....		+5,198,880		-288,081		-39,920				+4,900,879
Nonrecurring carryover included in above totals.....		-684,120		-290,000		-46,620				-1,020,740

PREPARED STATEMENT

Senator HILL. Mr. Aller.

Mr. ALLER. Thank you, Mr. Chairman. I also have a statement on behalf of the Assistant Secretary for Manpower and the Manpower Administrator, Mr. Stanley H. Ruttenberg. With your permission, I would like to introduce that into the record.

Senator HILL. All right, sir. We will have it appear in full in the record.

(The statement follows:)

Mr. Chairman and members of the Committee, I am pleased to appear before you today on the Office of the Manpower Administrator, Salaries and Expenses, 1968 appropriation estimate. This appropriation provides both for the direct program costs of the experimental, demonstration and research programs authorized under Title I of the Manpower Development and Training Act, and for the administrative costs of executive direction, supervision and coordination of the manpower programs of the Department of Labor by the immediate Office of the Manpower Administrator; for the administrative and management staff support services provided by the Office of Financial and Management Services, including budget, financial management, contracting services, and personnel services to the Manpower Development and Training program and the Manpower Administration; and for the Federal administration of the policy planning, cost effectiveness, research and evaluation activities of the Manpower Administration.

The 1968 estimate for this appropriation is for \$36,779,000 and 410 positions. This is an increase of \$4,946,260 over the 1967 request. Of the \$36,779,000, \$29,883,000 is for direct program costs, and \$6,896,000 is for salaries and expenses. The entire requested increase in 1968 is for direct program costs. No additional positions are requested.

This net increase of \$4,946,260 over 1967 consists of (1) a mandatory increase of \$99,700 for financing within-grade promotion costs (which is partially offset by a mandatory reduction of \$54,319 resulting from non-recurring rental costs and a non-recurring extra day of pay for current year staff) and (2) program increases of \$6,137,519 for an increase in research and experimental and demonstration projects (which are partially offset by program reductions of \$1,236,640 resulting from non-recurring 1966 funds available for obligations in 1967, non-recurring equipment costs, and a reduction in the level of the Labor Mobility Demonstration Program).

All of the 1968 program increase requested is for the direct program costs of Activity 1, Experimental, Demonstration and Research Programs. These programs are administered and operated by the Department of Labor under the authority of Title I of the MDTA, as amended. The Department's manpower research program, directed by Congress to "develop the additional information and insight needed to guide effective improvement in manpower policies and programs", has produced findings of important significance, and has stimulated and strengthened manpower research capability throughout the Nation. The experimental and demonstration program has clearly improved manpower training and development techniques and has demonstrated the effectiveness of specialized methods in meeting the manpower, employment, and training problems of handicapped and severely disadvantaged worker groups.

By far the largest portion of the program increase, \$5,583,000, will be used to provide for the direct program costs of a series of experimental and demonstration projects directed toward developing new types of private industry actions to gain more extensive and more effective direct private employer involvement and investment in manpower development.

Despite the significant and effective expansion of the MDTA on-the-job (OJT) training program during the past year, the program has not been responded to affirmatively by some sectors of industry which have been reluctant to undertake government financed training designed to assist the most disadvantaged segments of our unemployed and underemployed population.

The planned new demonstration projects for 1968 would seek to develop new forms of industry-government cooperative effort to train and to gain meaningful employment for the severely disadvantaged unemployed and underemployed. In-

asmuch as government resources for training are relatively limited in relation to the total need, and private industry is the central source of employment opportunity, it is crucial that industry be stimulated and guided into more direct investment of its large-scale resources in development of needed skills and employment for the disadvantaged. These demonstration projects will be designed to encourage employers to adopt both new approaches to training, hiring and employing effectively the hard-core unemployed, as well as to meeting skill shortages through skill upgrading programs to develop potential and to provide for the upward mobility of employed workers now limited to low-level and customarily dead-end occupations. The funds requested would provide for about 15 to 20 demonstration projects designed to assist an estimated 10,000 or more unemployed and underemployed workers.

Through such pilot efforts to develop and try out new forms of a combined industry-government attack on the employment handicaps of the disadvantaged, it will be possible to determine what approaches are attractive to industry; the operational and financial feasibility of such approaches; the specific values and limitations of such joint actions; and the guides necessary for any new full-scale program which might be undertaken to provide broadening of current MDTA on-the-job training efforts.

In addition, we are requesting an additional \$500,000 in 1968 to initiate a National Occupational Training Study concerning the adequacy, extent and quality of training programs in the United States, and to explore the basic problem of responsibility for training.

This proposed research program should be initiated in order to attempt to explain why millions of workers come through our private and government sponsored schools and training programs with little education and useful training. These workers cannot find jobs even as our economy approaches the 4 per cent level of unemployment, and as skill shortages begin to develop.

In order to provide specific recommendations for training improvement, research studies will be initiated to develop complete information on the extent and usefulness of the contribution to training by private industry and trade unions (including apprenticeship, both registered programs and other kinds of on-the-job training), junior colleges, public and private vocational and technical schools, correspondence courses, military training, social service organizations (Goodwill, Salvation Army), prisons, hospitals, sheltered workshops and rehabilitation centers.

This concludes my statement, Mr. Chairman. I shall be happy to answer any questions.

PROGRAM INCREASES

Mr. ALLER. This statement deals with the Office of the Manpower Administrator, salaries and expenses. With your permission, I would like to discuss, very briefly, two of the key items that are included and discussed in this statement.

Senator HILL. All right, sir.

RESEARCH AND EXPERIMENTAL AND DEMONSTRATION

Mr. ALLER. We are asking for program increases in two areas although no additional positions are requested. The program increases that we are requesting are a \$500,000 increase in the research budget and approximately \$5.5 million increase in the experimental and demonstration area.

NATIONAL OCCUPATIONAL TRAINING STUDY

Both of these are designed to complement one another and are directed to a single set of problems. The research money will be used to design and implement a national occupational training study during the coming fiscal year.

Basically, we are concerned here with getting more information than we now have available or can get with present resources con-

cerning the adequacy and the extent and quality of training programs of all kinds.

This includes the private sector such as employers, private institutions of one kind or another such as Goodwill as well as the public of governmental training institutions. There is listed in the budget justification for OMA on pages 23 and 24 nine areas that we think will be covered in such a research program.

INEFFICIENT EDUCATION AND TRAINING

I won't take the time to go into them all in full detail, except to say that we are interested among other things in discovering why millions of people come through our education and training institutions with inadequate education and skills.

We are interested in discovering how that can be reduced since that would reduce the load that would otherwise be placed in subsequent years on public training facilities for retraining and we are also interested in exploring there the role or the best way to put it, I think, would be the specific responsibility that ought to be carried by the private and the public sector.

This is very, very important as we have begun to develop a public system through MDTA for training and retraining and I will come back to that in just a moment to explain the rationale more fully.

COMBINING OF PUBLIC AND PRIVATE RESOURCES AND SKILLS

In the experimental and demonstration area, we are now interested in exploring with private industry various ways of combining their resources and attainments with the public resources and skills so as to enlarge the private industry training effort.

The theory here would be to explore once again new ways of reducing the volume of training that might otherwise be necessary.

ON-THE-JOB TRAINING BY PRIVATE INDUSTRY

It is also a reflection, I think, of the fact that during the last 2 years, we have been rapidly developing on-the-job training as a major vehicle for private industry involvement. As we go further in this direction, we think the time has now arrived for us to explore other devices that may be equally or more effective than through the present program efforts.

Now, what I have really been saying here indirectly and I might come to the question directly is, I think, the natural question: Why expand and concentrate our efforts on the essentially private sector during the coming year?

1967 REDUCTION OF EXPERIMENTAL AND DEMONSTRATION AND RESEARCH PROGRAMS

Senator HILL. Will you hold it there 1 minute? I think I ought to call your attention to the fact that last year the Senate reduced by \$5 million the request for experimental and demonstration research programs and that reduction was agreed to in the conference with the House conferees.

ANNUAL FUNDING DIMINUTION

The committee in its report stated that it is the belief of the committee that this program should not require ever-increasing funds but should show some signs of diminishing in 1967 and future years and the budget estimate for 1968 fiscal year contemplates an increase you said of \$5.2 million.

So that you are now addressing yourselves to this very proposition, are you not?

PRIVATE SECTOR INVOLVEMENT IN TRAINING EFFORT

Mr. ALLER. I think I may address that question in two parts. First, I would like to talk about the merits of a special program directed toward exploring ways for more alternative means of involving the private sector in our training effort and then I want to come back to talk about the balance of the program and put that in context with the total effort.

Senator HILL. All right.

Mr. ALLER. I was suggesting that there are several reasons why the timing of a major concentrated effort may be important to launch a program during the coming year. We are now 5 years into a development of a Manpower Development and Training Act program.

Up to now we have concentrated our attention on developing the public institutions and our training skills and developing a particular form of involvement of private employers.

PRIVATE INTEREST AND TALENT

There has been rising during the past year a great interest on the part of the employers and employer groups in exploring with us ways whereby private industry might themselves participate in other ways in the training programs.

I have had a steady flow of people from major companies in my office over the last 4 or 5 months, many with a concrete proposal to make.

Many of them were very, very costly and we think that the interest is there and we think the talent is there and we think there are opportunities here that ought to be explored at least to a modest degree.

TAX INCENTIVES

Finally, let me just call attention to the widespread public dialog that is beginning in this area and is reflected in many of the bills that have been introduced in Congress proposing tax incentives and other ways of increasing private training and involvement.

We think that it would be important as we approach that public dialog and congressional decisionmaking that we have additional knowledge in terms of research backup and that we have additional experience so that we are able to provide some useful hints and guides to the decisionmaking in this area.

MINIMIZING GOVERNMENT ROLE AND COST

Basically, our objective here is to continually discover ways of minimizing the Government's role by innovating in more combinations of the private and public sector so that we are not faced with an ever-growing load of demands placed upon the public funds and to really explore ways of economizing so that the public role is kept at the minimum level at all times.

LIMITED FUNDS AND PRIORITY AREAS

Let me put this in the context of the earlier discussion on the balance of the program. Each year with limited funds and we always have limited funds, Congress or any particular Government agency, we address ourselves to the problems that are then current in both the research and the experimental area.

We attempt to pick up the major priority areas upon which we think moneys could be effectively expended. Now, of the hundreds of areas that could be picked out in either research or experimental work, at best we can pick a half dozen for concentration during any given year.

LABOR DEMAND AND SUPPLY FORECASTS

Let me give you an example that came to my mind as Senator Holland was talking to Mr. Goodwin. We have been working during the past few months with Mr. Goodwin's staff and others in exploring the possibility of using some research money in this whole farm labor area, more specifically trying to discover ways of forecasting particular labor demand and supply conditions into the future.

This has never been done in quite the same way that we are now proposing and we have ticketed a certain amount of our research money for the coming year for this effort following some four regional conferences in which we will bring growers, academic people, worker representatives and Government people from our Department and the Department of Agriculture together.

Some of that research will be very costly. If we are to have an appropriate balance, it would mean that we would have to spend some on farm labor, some in occupational assessment areas and we would never be able to concentrate our resources on the occupational assessment area in quite the same way that we are proposing for the coming year.

THREE- OR FOUR-YEAR PROGRAMS

The job could be done eventually but it would be staggered over 3 or 4 years. We think the public interest and the need for policy formation is so great in this area that it would be well for us to now concentrate to the extent the Congress permits in a real intensive effort during the coming year.

EXPERIMENTATION AND DEMONSTRATION

The same is true in the experimental and demonstration area. In our budget justification, we have attempted to point out our areas of concentration during preceding years, our areas of concentration this year and our tentative program plan for the coming year.

PRIOR YOUTH PROGRAMS

You will find there that in earlier years where we were concentrating very heavily on a series of major youth programs that we now may have very little experimental effort in that direction.

In this sense, we think we have built in the prescription that your committee gave to us last year. We do not continue to experiment forever. As we develop an area, develop techniques that are useful, these are built into the main program and we then back out because there are additional areas for further exploration.

DYNAMIC AND FLEXIBLE ECONOMY

I should add, too, Mr. Chairman, that we live in a very dynamic and flexible economy. The manpower programs of 2 years ago are not necessarily the manpower programs of 2 years from now.

Capacity to continue to experiment simply means that each year as we spend \$400 million for training, we are using it on the problems of that year in the most efficient way that we know how.

I will be pleased to answer questions or carry this further if you wish.

Senator HILL. You seem to have played out a pretty good case.

MISSION-ORIENTED POLICY RESEARCH

Mr. ALLER. I would like to make just one other statement if I could.

Senator HILL. All right.

Mr. ALLER. As you may know, I am basically an academic person temporarily working with Government in the research area.

When I am a professor, I am concerned with basic research. In Government when I am concerned with research, I am concerned with mission-oriented policy research. All of our research is designed to answer on-going critical problems of the Department and the program and that is really the context that I was trying to explain, the value of a major national occupational training study of the kind that is proposed in the budget for the coming year.

MAJOR KNOWLEDGE GAPS

Senator HILL. Conditions are changing so much, aren't they?

Mr. ALLER. They are changing radically and also there are major gaps of knowledge. We simply don't know, for example, how much training effort takes place in American industry today, what its kind is, what its quality is, what the needs are, what devices might be developed that would assist industry in doing a greater and more effective training effort.

That is the kind of thing we are after.

Senator HILL. You are seeking to get this knowledge now?

Mr. ALLER. That is right.

Senator HILL. Until you do, you can't know that you are meeting the problem?

Mr. ALLER. No, we are flying by the seat of our pants. We are flying by judgment and, incidentally, information that we can pick up in a

variety of ways, but we simply cannot give solid advice and counsel to those interested in solving this problem.

WITNESS BACKGROUND

Senator HILL. You have made a good statement. Where were you in education before you came to the Department?

Mr. ALLER. Most recently at San Francisco State College in California. I have been at the University of California at Berkeley, at Antioch College, and Michigan State University. I started my teaching at Antioch College.

Senator HILL. The first head of the TVA, Dr. Arthur Morgan, was in Antioch College.

Mr. ALLER. I knew him in his later years.

Senator HILL. A very fine man and a very small college, a small college but excellent. As Daniel Webster said about Dartmouth before the Supreme Court, "It is a small college but there are those who love it."

Mr. ALLER. I have never been pushed so hard by students as at Antioch College, Mr. Chairman.

BUREAU OF APPRENTICESHIP AND TRAINING, SALARIES AND EXPENSES

STATEMENT OF HUGH C. MURPHY, ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING; ACCOMPANIED BY GEORGE W. SABO, DEPUTY ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING; RALPH E. FRENCH, DIRECTOR, OFFICE OF ADMINISTRATION, BUREAU OF APPRENTICESHIP AND TRAINING; AND HENRY PRZELOMSKI, DIRECTOR, OFFICE OF ON-THE-JOB TRAINING, BUREAU OF APPRENTICESHIP AND TRAINING

APPROPRIATION ESTIMATE

BUREAU OF APPRENTICESHIP AND TRAINING, SALARIES AND EXPENSES

For necessary expenses for encouraging apprentice training programs, as authorized by the Acts of March 4, 1913 and August 16, 1937 (**5 U.S.C. 611** 37 Stat. 736, as amended, 29 U.S.C. 50), and for performing functions under the Manpower Development and Training Act of 1962, as amended, **[\$8,180,000]** \$8,416,000.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$8,180,000	\$8,416,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966).....	+79,000	-----
Comparative transfer to the Office of the Secretary for centralized audit functions.....	-14,000	-----
Appropriation or estimate, revised.....	8,245,000	8,416,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. Training promotion and service to industry.....	520	\$5,986,800	522	\$6,113,900	+2	+\$127,100
2. On-the-job training.....	136	1,848,000	136	1,885,200	-----	+37,200
3. Administration and management services.....	30	410,200	30	416,900	-----	+6,700
Total obligations.....	686	8,245,000	688	8,416,000	+2	+171,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	686	688	+2
Average number of all employees.....	646	655	+9
11 Personnel compensation.....	\$6,293,000	\$6,467,500	+\$174,500
12 Personnel benefits.....	473,400	484,800	+11,400
21 Travel and transportation of persons.....	642,900	644,400	+1,500
22 Transportation of things.....	30,900	30,900	
23 Rent, communications, and utilities.....	277,600	287,400	+9,800
24 Printing and reproduction.....	118,800	120,400	+1,600
25 Other services.....	202,900	206,500	+3,600
Services of other agencies.....	56,000	56,000	
26 Supplies and materials.....	91,000	93,000	+2,000
31 Equipment.....	58,500	25,100	-33,400
Total obligations.....	8,245,000	8,416,000	+171,000
Working capital fund items included above.....	(263,500)	(273,500)	(+10,000)

SUMMARY OF CHANGES

1967 enacted appropriation.....	\$8,180,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (P.L. 89-504 effective July 3, 1966).....	+79,000
Comparative transfer to Office of the Secretary.....	-14,000
1967 appropriation, revised.....	8,245,000
1968 estimate.....	8,416,000
Total change.....	+171,000

MANDATORY ITEMS

Increases:	
Net additional cost to restore pay costs absorbed in 1967.....	+125,000
Net additional cost for full year rental of space acquired for part of year in 1967.....	+9,300
Decreases:	
Nonrecurring extra day of pay for current year staff.....	-27,800
Nonrecurring rental costs.....	-3,300
Subtotal, mandatory items.....	+103,200

PROGRAM ITEMS

Increases:	
Funding of civil defense functions formerly financed by the Office of Emergency Planning.....	+24,000
To provide for the full year cost of 73 new positions which were financed for a part year in 1967.....	+77,200
Decrease:	
Nonrecurring equipment costs for new positions in 1967.....	-33,400
Subtotal, program items.....	+67,800
Total change.....	+171,000

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Total	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Net pay increase costs.....	-----	+94,000	-----	+25,400	-----	+5,600	-----	+125,000
Net additional cost for full-year rental of space acquired for part of 1967.....	-----	+5,400	-----	+3,900	-----		-----	+9,300
Decrease for nonrecurring extra day.....	-----	-21,000	-----	-5,500	-----	-1,300	-----	-27,800
Decrease for nonrecurring rental costs.....	-----		-----	-3,300	-----		-----	-3,300
Total.....	-----	+78,400	-----	+20,500	-----	4,300	-----	+103,200

EXPLANATION OF MANDATORY CHANGES FOR 1968

Increases:		
To restore pay costs absorbed in 1967.....	-----	+\$125,000
To provide for full year rental of space acquired for part of year in 1967.....	-----	+9,300
Decreases:		
Nonrecurring extra day of pay for current year staff.....	-----	-27,800
Nonrecurring rental costs transferred to GSA.....	-----	-3,300
Total, mandatory items.....	-----	+103,200

Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3		Total	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
11 Personnel compensation.....	+2	+\$60,000	-----	+\$23,900	-----	+\$3,300	+2	+\$87,200
12 Personnel benefits.....	-----	+4,500	-----	+1,800	-----	+200	-----	+6,500
21 Travel and transportation of persons.....	-----	+1,500	-----		-----		-----	+1,500
22 Transportation of things.....	-----		-----		-----		-----	
23 Rent, communications, and utilities.....	-----	+2,000	-----	+300	-----	+100	-----	+2,400
24 Printing and reproduction.....	-----	+700	-----	+100	-----		-----	+800
25 Other services.....	-----	+1,300	-----	+400	-----	+100	-----	+1,800
26 Supplies and materials.....	-----	+700	-----	+200	-----	+100	-----	+1,000
31 Equipment.....	-----	-22,000	-----	-10,000	-----	-1,400	-----	-33,400
Total.....	+2	+48,700	-----	+16,700	-----	+2,400	+2	+67,800

Distribution of field staff

Field offices	1967			1968		
	Profes- sional	Clerical	Total	Profes- sional	Clerical	Total
Atlanta, Ga.....	35	23	58	35	23	58
Boston, Mass.....	25	16	41	25	16	41
Chambersburg, Pa.....	47	30	77	47	30	77
Chicago, Ill.....	44	27	71	44	27	71
Cleveland, Ohio.....	40	26	66	40	26	66
Dallas, Tex.....	38	25	63	38	25	63
Denver, Colo.....	17	11	28	17	11	28
Kansas City, Mo.....	31	19	50	31	19	50
New York, N.Y.....	31	19	50	31	19	50
San Francisco, Calif.....	22	13	35	22	13	35
Seattle, Wash.....	18	14	32	18	14	32
Total field staff.....	348	223	571	348	223	571

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EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation----- \$6,467,500

The estimate for 1968 provides for 688 full-time positions and 655 man-years, an increase of two positions over 1967. Of this 547 man-years are allotted to the field offices and 108 man-years to the national office. The net increase of \$174,500 over fiscal year 1967 is comprised of the following: An additional \$20,000 for two positions transferred from the Office of Emergency Planning; \$67,200 to provide for full-year cost of new positions added in 1967; \$113,200 net additional cost to restore pay increase costs absorbed in 1967; and a reduction of \$25,900 for one less day of pay in 1968.

Personnel benefits----- \$484,800

The estimate is an increase of \$11,400 over 1967 and will provide for related personnel benefits as follows:

	1967	1968	Change
Employees' group life insurance-----	\$20,300	\$20,900	+\$600
Employees health benefits-----	41,200	41,200	-----
Contributions to CSC retirement fund-----	402,200	413,000	+10,800
Refunds, awards, and indemnities-----	4,800	4,800	-----
Contributions to the Federal Insurance Contributions Act-----	4,900	4,900	-----
Total-----	473,400	484,800	+11,400

Allowances payable in connection with an estimated 35 official changes of station as authorized by Public Law 89-516 will have to be absorbed in non-labor costs.

Travel and transportation of persons----- \$644,400

The estimate for 1968 is an increase of \$1,500 over 1967 to cover travel of the professional position transferred from the Office of Emergency Planning, and provides per diem, transportation, mileage and parking costs for regular travel and travel expenses incurred in change of station for employees as indicated below:

	1967	1968	Change
Number of travelers-----	408	409	+1
Number of days traveled-----	15,300	15,330	+30
Subsistence and per diem-----	\$244,800	\$245,300	+\$500
Mileage and transportation costs-----	367,200	368,200	+1,000
All other transportation costs-----	30,900	30,900	-----
Total-----	642,900	644,400	+1,500

Increased per diem costs for employees' families payable in connection with an estimated 35 official changes of station as authorized by Public Law 89-516 will have to be absorbed in other non-labor costs.

Transportation of things----- \$30,900

The estimate for 1968 is the same as 1967 and provides \$11,100 for shipment of supplies, printed materials, visual aids and equipment; and \$19,800 for moving household goods for 20 official station changes at an approximate rate of \$1,000 per move to cover increased allowances under Public Law 89-516 effective in 1967. The costs for the estimated 15 additional household moves will have to be absorbed in other non-labor costs.

	1967	1968	Change
Shipment of supplies, etc-----	\$11,100	\$11,100	-----
Household moves-----	19,800	19,800	-----
Total-----	30,900	30,900	-----

Rent, communications, and utilities----- \$287,400

The estimate for 1968 is an increase of \$9,800 over 1967. A net increase of \$6,000 for rental of space results from an increase of \$9,300 to provide for full-year costs of space acquired for a portion of FY 1967, offset by a mandatory decrease of \$3,300 for non-recurring rental costs transferred to GSA in FY 1967. Working Capital Fund costs are increased by a total of \$2,800; \$1,400 to provide for support for additional man-years resulting from the full year financing of new positions acquired in the current year, and \$1,400 to restore pay costs absorbed in 1967, and \$1,000 to cover communications costs for the positions transferred from Office of Emergency Planning. All other estimates are the same as 1967 and are broken down as follows:

	1967	1968	Change
Rentals-----	\$51,000	\$57,000	+\$6,000
Communication services including teletypes and telegrams, toll calls, and telephone service-----	63,700	64,700	+1,000
Federal telecommunications service-----	49,500	49,500	-----
Paid official mail-----	34,100	34,100	-----
Working capital fund-----	79,300	82,100	+2,800
Total-----	277,600	287,400	+9,800

Printing and reproduction----- \$120,400

The estimate for 1968 is an increase of \$1,600 over 1967 and provides for additional Working Capital Fund costs of \$800 resulting from increased man-years and \$800 to restore pay costs absorbed in 1967. All other estimates are the same as 1967 and are distributed as follows:

	1967	1968	Change
Administrative forms-----	\$5,000	\$5,000	-----
Publications-----	69,100	69,100	-----
Working capital fund-----	44,700	46,300	+\$1,600
Total-----	118,800	120,400	+1,600

Other services----- \$262,500

The estimate for 1968 is an increase of \$3,600 over 1967 and provides for additional Working Capital Fund Costs of \$1,800 resulting from increased man-years, and \$1,800 to restore pay costs absorbed in 1967. All other estimates are the same as 1967 and provide for services as indicated below:

	1967	1968	Change
Contractual services-----	\$85,100	\$85,100	-----
Repairs and services-----	15,000	15,000	-----
Miscellaneous services, including employee training and conference rooms-----	17,800	17,800	-----
Services of other agencies-----	56,000	56,000	-----
Working capital fund-----	85,000	88,600	+\$3,600
Total-----	258,900	262,500	+3,600

Supplies and materials----- \$93,000

The estimate for FY 1968 is an increase of \$2,000 over 1967 and provides for additional Working Capital Fund costs of \$1,000 resulting from increased man-

years and \$1,000 to restore pay costs absorbed in 1967. The estimate for purchase of supplies is the same as 1967.

	1967	1968	Change
Desk top supplies, subscription, envelopes, and duplicating supplies.....	\$36,500	\$36,500	-----
Working capital fund.....	54,500	56,500	+\$2,000
Total.....	91,000	93,000	+2,000

Equipment \$25, 100

The estimate for 1968 is a decrease of \$33,400 from 1967 to cover non-recurring equipment purchases for new positions in 1967 and provides for the following:

	1967	1968	Change
Necessary visual aid training equipment, replacement of wornout equipment.....	\$25,100	\$25,100	-----
Equipment for new positions at an average of \$455 per position.....	33,400	-----	-\$33,400
Total.....	58,500	25,100	-33,400

Summary of new positions

	Number	Grade	Amount
Activity 1. Departmental:			
Mobilization liaison officer ¹	1	GS-14	\$15,629
Secretary ¹	1	GS-4	5,096
Grand total.....	2	-----	20,725

¹ For transfer of funding of civil defense functions from the Office of Emergency Planning.

PREPARED STATEMENT

Senator HILL. All right, Mr. Murphy.

Mr. MURPHY. Mr. Chairman. Thank you very much, Mr. Chairman for this privilege of coming before you. I have a statement but the hour is late and if I may, I will just quickly summarize it for you.

Senator HILL. All right. We will have your statement appear in full in the record.

(The statement follows:)

Mr. Chairman and Members of the Committee, I am again appearing on behalf of an appropriation request for the Bureau of Apprenticeship and Training programs. Our 1968 request, totalling \$8,416,000, is \$171,000 above the 1967 revised appropriation estimate, and includes two positions heretofore financed by the Office of Emergency Planning. Proposed increases are attributable to the 1966 pay act, and to rent and salary for positions newly authorized in 1967 and filled for only part of that year.

With the 552 positions requested for the National Apprenticeship and Training Program I am hopeful that we will be able to sustain the increase in numbers of registered apprentices who participate in the program. Beginning in 1962, apprentice participants have risen from a fiscal year total of 206 thousand to 237 thousand in 1966. We foresee a further rise to 246 thousand in 1967 and 259 thousand in 1968.

With the 136 positions requested for the Manpower Development and Training Act On-the-Job Training program, I believe we will be able to sustain the increase in trainees enrolling in and completing training programs and entering post-training jobs.

Present statistics and estimates indicate that enrollments will increase 31 thousand in 1967, up from 49 thousand in 1966 to 80 thousand, and will increase an additional 28 thousand in 1968 to a total of 108 thousand. Enrollees completing scheduled training will increase 18 thousand in 1967 and 16 thousand in 1968, reaching 64 thousand annually. Close to 100% of all enrollees who complete their training will immediately enter regular employment. Development of new training opportunities in the Manpower Development and Training Act On-the-Job Training program will rise from 114 thousand in 1966 to 125,000 in 1967. It is expected however to fall to 112 thousand in 1968.

The main issues in the apprenticeship program include meshing with other programs into a broad manpower development system, expansion to keep pace with growth in teen-age population, and production demands, and adjustments in the program to accommodate changes in technology.

We are actively participating in the effort to achieve a unified manpower development program at all levels—national, state and local. Apprenticeship is especially well suited to furthering the twin objectives of providing skills for efficient production and attractive jobs for youth. Organizations with which we work are also directing their activities in support of the common goals—national associations, international unions, State Apprenticeship Agencies, and thousands of employers, local unions, and schools. An example of coordination is the scheduling in 1966 of 13 percent of the Manpower Development and Training Act On-the-Job Training trainees in registered apprenticeship programs. Industry is widely adopting recommended selection procedures for use in apprentice recruitment to support equal employment opportunities—a key goal of the nation's manpower program. State employment services are contributing much in this area by operating Apprentice Information Centers in 23 of the largest metropolitan areas. The Advisory Committee on Equal Opportunity in Apprenticeship and Training, named by the Secretary of Labor, gives overall guidance in this activity.

Despite the installation in industry of more than 1,000 new apprenticeship programs annually, the estimated percentage of establishments operating programs has not changed materially. The rise in apprentice employment has resulted principally from an increase in number of apprentices in established programs, rather than from enrollments in new programs. In seeking expansion, we will endeavor to increase local activity as well as urge national management associations and unions to employ apprenticeship administration staffs capable of assisting individual employers to initiate programs. State Apprenticeship Agencies employ similar methods to multiply their promotion and technical assistance.

To the more than 20,000 volunteer members of joint apprenticeship committees is due a large share of the credit for recent advances in apprentice employment. We intend to give whatever assistance is necessary to keep these committees active and committed.

To enable us to pin point promotional efforts, we are repeating the 1964 nation-wide study of training in the United States industry. The 1964 study constituted the best source of data on in-plant training by specific industry, type of skill, and size of plant. The revised edition will, in addition to updating the information on the general state of training within industry, concentrate on apprenticeable trades, shortage occupations, including health services, and entry jobs for unskilled or disadvantaged individuals.

In our efforts to assist industry in adapting to changing conditions of work and technology, we are participating in the most comprehensive analysis of apprenticeship attempted in recent decades. Conducted by Purdue University under a Manpower Development and Training Act research grant, in close cooperation with labor and management, the analysis will determine how well the system of apprenticeship is adapting to recent changes and will be of assistance in the development of improved techniques.

Another major effort pertaining to review, evaluation, and adapting to change, is a management study now being conducted by the Bureau of Apprenticeship

and Training. Assignment of the Manpower Development and Training Act On-the-Job Training program to the Bureau has presented both problems and opportunities. I decided that we could best solve our problems and seize opportunities for improved management and an improved product by having available a thorough going analysis of our own organization. I am able to report that the first products of the analysis are most encouraging.

As Secretary of Labor W. Willard Wirtz once pointed out, "It is not generally realized that today's unemployment problem is most seriously a problem of unemployed, unskilled workers." Since unskilled jobs are becoming scarcer, the unemployed, unskilled members of society need opportunities to learn saleable skills. The Manpower Development and Training Act On-the-Job Training is a natural for them. It offers a real "second chance," and a wage-paying job at the same time.

Emphasis will continue to be directed at the hard-core—at youth, the minorities, the long-term unemployed, the handicapped, the older worker—and the underemployed in need of upgrading or skill improvement training. In conjunction with this objective, the relief of skill shortages will also be served. The lack of trained workers in health and other service fields as well as in the vital metal working and aerospace industries, for example, is a problem with which we are now and will be increasingly involved. We have found that promotional and developmental contracts with national associations have been significantly successful in developing training opportunities to meet the needs of particular groups or industries such as the mentally retarded, the tool and die industry, etc. The direct involvement of influential industry and other groups on a national level in the stimulation and promotion of On-the-Job Training programs in the private sector—new, supplementary, or complementary—puts to use on a more widespread basis, valuable industry resources in equipment and training knowledge and relieves the limited Federal staff for other promotion. Practical and relatively inexpensive On-the-Job Training programs in industry enlarge the skill resources of not only the trainee but of industry and the nation. About 20% of On-the-Job Training trainees will be covered by national contracts. Training programs combined with institutional training are developed in cooperation with the Department of Health Education and Welfare for those trainees who also need remedial education or related job instruction.

Agreements have been developed with 13 State agencies for promotion of On-the-Job Training. More intensive evaluation and followup of On-the-Job Training programs will be conducted and research will be directed at the comparative costs of the variety of contract arrangements possible under the Manpower Development and Training Act, in order to identify the most efficient type.

INCREASE REQUESTED

MR. MURPHY. We are asking for an increase of \$171,000. This is merely to take care of the Pay Act and also to finance two positions that the Secretary told you yesterday have been paid in OEP.

SENATOR HILL. You are not going to get those funds this year so you have to get them through this bill?

MR. MURPHY. That is right, Mr. Chairman.

SENATOR HILL. Outside of that no increases?

PROGRAM GROWTH

MR. MURPHY. That is right. We see program growth in our apprenticeship program. We anticipate 260,000 apprentice participants in 1968, a rise that has been developing for the last few years. In fact, in the yearend reports, there are figures that we are getting for the calendar year 1966 which substantiate this belief.

OJT PROGRAM

In our OJT program, Mr. Chairman—the Secretary told you our Bureau had this responsibility—we anticipate that we will have 80,000 enrolled in that program in 1967 and 108,000 in 1968.

Now, a target goal is 112,000 trainees for the fiscal year 1968, sir, and of this about 64,000 will be in what we call combined or coupled programs which we have with the very gracious assistance of our friend, Mr. Colmen, of HEW.

About 48,000 will be in straight OJT.

Mr. Chairman, very briefly again, my colleague, Bob Goodwin, touched on the apprenticeship information centers that we have jointly established throughout the Nation.

Senator HILL. What interests me is you say close to 100 percent of all enrollees who complete their training will immediately enter regular employment.

Mr. MURPHY. We were, too, enthusiastic, Mr. Chairman. It runs about 88 percent.

Senator HILL. I wondered.

APPRENTICESHIP INFORMATION CENTER PROGRAM

Mr. MURPHY. In our apprenticeship information center program, Mr. Chairman, we have these programs established in 24 cities throughout the Nation and these are to provide assistance to industry and to the youth of our Nation on apprenticeship opportunities in industry.

In the 24 cities, I think we made a mistake. One is in Birmingham.

Senator HILL. You mean in the magic city, Birmingham?

Mr. MURPHY. I believe you are from Montgomery. We made a mistake.

Senator HILL. What was the mistake?

RESEARCH PROGRAM AT PURDUE

Mr. MURPHY. I am only being facetious, Mr. Chairman. Research is the vogue of the day evidently. My colleagues have talked about it. We, too, have a research project being conducted for us by Purdue University to study the impact of the apprenticeship program in our Nation. We anticipate that this will be completed in the fall of this year.

Senator HILL. Is it going to be a Hoosier program?

Mr. MURPHY. I won't say that. I think it will be an excellent program but coming from the Hoosier State; we are watching it. The Secretary reported to you that the problems of our Nation are the unskilled people and the fact that this MDTA program has done so much good for it and I am an enthusiastic supporter.

I am the administrator and an enthusiastic supporter of this program. I think it has done wonders for our unskilled, disadvantaged persons.

ASSISTANCE FOR MENTALLY RETARDED

Mr. Chairman, when we talk about disadvantaged, one of the things that has come to my attention and one that I revere is the fact that we have made an attempt to assist mentally retarded.

Senator HILL. You have?

Mr. MURPHY. Those educable retarded persons. Recently, I had a conference with Mr. Mitchell of Sky Chefs. This is a wholly owned subsidiary of American Airlines. We have a contract with those people, Mr. Chairman, to develop a training program on the job which will enable mentally retarded persons to become productive citizens of this great land of ours.

COST OF TRAINING

For a mere \$27.50 a week, \$275 for a 10-week training program, these people are working and they are really and truly finding fulfillment in their lives and are becoming very fine employees of American Airlines.

Senator HILL. That is encouraging. Where is this training going on?

Mr. MURPHY. One is with Sky Chefs, a subsidiary of American Airlines. We have programs with other industries also, Mr. Chairman, but I just have had this recent experience with Mr. Mitchell and I heard such glowing reports that I mentioned it.

Senator HILL. I am glad you did. This is very gratifying to me.

Mr. MURPHY. I think it is wonderful, Mr. Chairman.

Senator HILL. It is indeed. Too often in the past these people were just forgotten and cast aside. Is that right?

Mr. MURPHY. When we were youngsters, almost every neighborhood had a poor youngster who was just about confined. Even though he had a very, very low IQ, he was the butt of children's jokes and children can be so cruel, in their innocence, of course.

VOCATIONAL REHABILITATION ADMINISTRATION ASSETS IN TRAINING

Now, this program has brought these people out of the confinement and those who have the ability can be given this training with the assistance of again our colleagues in HEW, the Division of Vocational Rehabilitation.

Senator HILL. Mary Switzer's outfit?

Mr. MURPHY. Yes. That just about concludes my statement, Mr. Chairman.

Senator HILL. You have brought us a very gratifying statement, I must say, most gratifying. We can always depend upon the Irish.

Mr. MURPHY. Just a few days hence we will be kicking up our heels.

Senator HILL. That is right. Was there anything you wanted to add, Mr. Brown?

Mr. BROWN. No, sir. That concludes the statements for the Manpower Administration.

Senator HILL. We want to thank you, gentlemen, very, very much. Thank you.

LABOR-MANAGEMENT SERVICES ADMINISTRATION

STATEMENT OF JAMES J. REYNOLDS, UNDER SECRETARY OF LABOR; ACCOMPANIED BY THOMAS R. DONAHUE, ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS; JOHN N. GENTRY, DEPUTY ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS; FRANK M. KLEILER, DIRECTOR, OFFICE OF LABOR-MANAGEMENT AND WELFARE-PENSION REPORTS; HUGH W. BRADLEY, DIRECTOR, OFFICE OF VETERANS' REEMPLOYMENT RIGHTS; AND ALBERT L. MOORE, JR., DIRECTOR, OFFICE OF ADMINISTRATION AND MANAGEMENT

APPROPRIATION ESTIMATE

LABOR-MANAGEMENT SERVICES AND ADMINISTRATION, SALARIES AND EXPENSES

For necessary expenses to carry out the provisions of the Welfare and Pension Plans Disclosure Act and the Labor-Management Reporting and Disclosure Act; expenses of commissions and boards to resolve labor-management disputes and other expenses for improving the climate of labor-management relations; and to render assistance in connection with reemployment under the several provisions of law respecting reemployment after active military service, **[\$8,510,000]** \$8,683,000.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$8,510,000	\$8,683,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966).....	+68,000	-----
Comparative transfer to the Office of the Secretary for centralized audit and systems functions.....	-18,000	-----
Appropriation or estimate, revised.....	8,560,000	8,683,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Employee-management relations services.....	16	\$320,400	16	\$325,800	-----	+\$5,400
2. Labor-management policy development.....	18	267,200	18	273,400	-----	+6,200
3. Administration of reporting and disclosure laws.....	524	6,634,300	518	6,724,100	-6	+89,800
4. Promotion of compliance and assistance to veterans.....	54	731,300	54	739,900	-----	+8,600
5. Executive direction and administrative services.....	61	606,800	61	619,800	-----	+13,000
Total obligations.....	673	8,560,000	667	8,683,000	-6	+123,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	673	667	-6
Positions other than permanent.....	9	9	-----
Average number of all employees.....	659	654	-5
11 Personnel compensation.....	\$6,701,990	\$6,800,000	+\$98,010
12 Personnel benefits.....	502,110	523,300	+21,190
21 Travel and transportation of persons.....	454,400	454,400	-----
22 Transportation of things.....	24,500	28,300	+3,800
23 Rent, communications, and utilities.....	259,500	259,500	-----
24 Printing and reproduction.....	122,800	122,800	-----
25 Other services.....	84,900	84,900	-----
Services of other agencies.....	310,900	310,900	-----
26 Supplies and materials.....	81,800	81,800	-----
31 Equipment.....	17,100	17,100	-----
Total obligations.....	8,560,000	8,683,000	+123,000
Working capital fund items included above.....	(325,100)	(325,100)	(.....)

Summary of changes

1967 enacted appropriation.....	\$8,510,000
Comparative transfer to Office of the Secretary for centralized audit and systems functions ¹	-18,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966).....	+68,000
1967 appropriation, revised.....	8,560,000
1968 estimate.....	8,683,000
Total change.....	+123,000
Mandatory items:	
Increases:	
Net additional cost to restore pay costs absorbed in 1967....	+150,000
To provide for a net increase in contributions to the Federal employees' compensation fund.....	+900
Decrease: Nonrecurring extra day of pay for current year staff.....	-27,900
Subtotal, mandatory items.....	+123,000
Total change.....	+123,000

¹ The comparative transfer includes no positions.

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Net pay increase costs.....		+\$3,200		+\$4,200		+\$121,300		+\$11,400		+\$9,900		+\$150,000
Contributions to FEC fund.....										+900		
Decrease for nonrecurring extra day of pay for current-year staff.....		-758		-834		-22,161		-2,202		-1,945		-27,900
Total.....		+2,442		+3,366		+99,139		+9,198		+8,855		+123,000

Explanation of mandatory changes for 1968

Increases: To restore pay costs absorbed in 1967-----	+ \$150,000
Within-grade promotion costs:	
1968 net additional cost of within-grade promotions effective for part year in 1967-----	+27,100
Personnel compensation -----	+43,884
Deduct lapse-----	-1,536
Deduct savings due to turnover-----	-17,162
Personnel benefits-----	+1,914
Net cost-----	+27,100
Absorption of increases-----	-27,100
Net cost of within-grade promotions becoming effective during 1968 -----	+47,200
Personnel compensation -----	+76,216
Deduct lapse-----	-2,667
Deduct savings due to turnover-----	-29,787
Personnel benefits-----	+3,438
Net cost-----	+47,200
Absorption of increases-----	-47,200
To provide a net increase in contributions to the Federal em- ployees' compensation fund-----	+900
Decreases: Nonrecurring extra day of pay for current year staff-----	-27,900
Total, mandatory items-----	+123,000

PREPARED STATEMENT

Mr. REYNOLDS. Mr. Chairman, I have with me my new colleague, Assistant Secretary of Labor Thomas R. Donahue, who will be taking over the responsibilities that I have held.

Senator HILL. We are glad to have Mr. Donahue here with us.

Mr. REYNOLDS. I also have my deputy, Mr. John N. Gentry and Mr. Hugh W. Bradley, who administers the Veterans' reemployment rights statutes and Mr. Frank M. Kleiler, at the right, who handles the Labor-Management Reporting and Disclosure and the Welfare and Pension Plans Disclosure Acts.

Senator HILL. We are glad to have all you gentlemen here.

(The statement follows:)

The Labor-Management Services Administration (LMSA) is responsible for the administration of the Labor-Management Reporting and Disclosure Act, the Welfare and Pension Plans Disclosure Act, and various veterans' reemployment rights statutes. In addition, the Administration provides the Secretary of Labor with staff assistance to discharge his responsibilities in the area of labor-management relations. The LMSA has been delegated authority and responsibility for all of the labor-management functions vested in the Secretary of Labor.

For fiscal year 1968 the total estimate for all functions within the LMSA is \$8,683,000—a net increase of \$123,000 from the comparatively adjusted current year appropriation. Permanent positions requested are 667—a decrease of 6 from the 673 in the adjusted 1967 appropriation.

EMPLOYEE-MANAGEMENT RELATIONS SERVICES

The Office of Employee-Management Relations Services provides expert staff services to the Secretary of Labor in discharging a host of responsibilities in the labor-management relations area.

Responsibilities of this office range from carrying out the Secretary's specifically assigned statutory duties to providing appropriate staff aid and guidance in

particular dispute and problem situations. A brief description of some of these duties follow:

The Urban Mass Transportation Act of 1964 and the recently enacted statute designed to improve passenger rail transportation service in the North East "Megalopolitan Corridor" both require appropriate employee protective arrangements and charge the Secretary of Labor with determining that fair and equitable arrangements are so provided. In cooperation with the Department of Housing and Urban Development and the Department of Commerce, the Office of Employee-Management Relations reviews and approves proposed employee protective plans and, provides assistance to labor and management in meeting and carrying out their responsibilities under the Act.

Executive Order 10988 (promulgated in 1962) established a formal program for employee-management cooperation in the Federal service and assigned to the Secretary certain responsibilities under the program which are discharged by the LMSA.

Assistance to the Executive Office of the President, other executive offices and legislative committees are provided on a variety of labor-management matters, including nominations for disputes boards, analyses of specific industry situations, and developmental activities relating to such matters as appropriate maritime policy.

Special dispute situations require close interagency liaison and cooperation (National Mediation Board, Federal Mediation and Conciliation Service, and the National Labor Relations Board) and Departmental staff support. Activities of this character during the past year required staff assistance in the serious dispute last summer involving 5 major airlines; assistance to a fact-finding board appointed by the Secretary of Health, Education and Welfare, the Secretary of Labor, and the Governor of California to examine the issues in a dispute involving nurses employed in San Francisco Bay Area hospitals; and assistance in connection with a dispute involving the Pan American Airlines. We also provided technical background information in connection with the mediation of the General Electric dispute.

A continuing concern of the Secretary is the need to develop means whereby disruptive labor disputes will be held to a minimum. Several years ago, the parties in the East Coast Longshore Industry, after an impasse in negotiations, requested the Department to study key issues involving manning practices and job protection. The study was completed in 1964 and many solutions developed during its course were generally adopted. As a by-product of that study and with the cooperation of the parties, a second study examining the collective bargaining structure of that industry is underway.

The fiscal year 1968 estimate for all of these activities is \$325,000 and 16 positions. This represents the same number of positions (and a \$5,400 increase) as that authorized for the current year. Included in this total is \$150,000 for the temporary employment of labor-management consultants and other expenses incurred in specific labor-management problem situations.

LABOR-MANAGEMENT POLICY DEVELOPMENT

The Office of Labor-Management Policy Development provides policy review and development with respect to labor-management matters.

The nature of the activities of this office varies as the Department's needs and Congressional (and other) demands require. Legislation introduced in the Congress during the past two years relating to the field of private pension plans and increasing interest in possible legislative action in this area promoted the initiation of a comprehensive policy review of the private pension field. Analytic studies directed towards assessing the private pension system are underway or planned. The relationship of existing legislation in this area—principally, the Welfare and Pension Plans Disclosure Act—to the continuing growth and vitality of the pension system will be reviewed.

Anticipated collective bargaining agreements which will be expiring in the coming year may increase the demands for legislative and administrative proposals to assist in the settlement of labor disputes. The Office of Labor-Management Policy Development will continue its study of the Labor Management Relations Act and the Railway Labor Act disputes procedures and problems. A review will be undertaken of various public and private policies affecting labor-management relations such as private arrangements affecting seniority, mobility,

and employee displacement; employer or union strike insurance plans; and the effects of industry-wide bargaining practices.

An increasing demand for advice and support to the Assistant Secretary for International Affairs in planning and preparation of training seminars in the Government's efforts to stimulate free collective bargaining and sound labor-management relations in developing nations can be anticipated. In addition to these technical services directed to foreign nationals, increased emphasis will be placed on the development of policies and programs to assist U.S. overseas firms in the resolution of labor-management relations problems which may have implications for our over-all foreign policy.

Effective administration of the Labor-Management Reporting and Disclosure Act requires the development of detailed analytical studies of various aspects of union organization and operations—particularly needed in court cases under Title IV of the Act challenging certain union officer election practices. In co-operation with the Office of the Solicitor, the Office of Labor-Management Policy Development has the responsibility for providing this analytic support and expert opinion in the prosecution of violations of the statute. During fiscal year 1967 several key election cases were successfully prosecuted with the assistance of representatives of the Office of Labor-Management Policy Development.

The total estimate for this activity is \$273,000 and 18 positions—an increase of \$6,200 but the same number of positions as for 1967.

ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

The Office of Labor-Management and Welfare-Pension Reports administers both the Labor-Management Reporting and disclosure and the Welfare and Pension Plans Disclosure Acts.

The volume of the activities of this office has been relatively stable for the past several years. Each year approximately 220,000 reports are received from a variety of sources—unions, union officials, employers and welfare and pension plan administrators—examined, filed and made available for public disclosure. Other activities of the Office include the development and promulgation of appropriate rules, regulations, interpretations and administrative determinations; technical assistance; and the conduct of an extensive investigative and compliance program operating through 24 field offices.

Several developments affecting these operations during the past calendar year warrant special comment.

The revised Form D-2 for reporting welfare and pension plan financial activities is now being used. This form, by requiring more extensive reporting of detail of operations, will provide more meaningful reporting and disclosure of welfare and pension plan information and will accomplish more fully the intent of the Congress as reflected in the 1962 amendments to the WPPDA.

In accordance with the recommendation of the Secretary's Advisory Council on Employee Welfare and Pension Benefit Plans, the Department of Labor has testified in favor of the proposal to amend the law to ease the reporting burden by eliminating the requirements that a second copy of the Form D-2 be filed and that the signatures on that form be notarized. We also supported the proposal to permit the filing of amendments to plan descriptions with the annual report instead of within sixty days after the change.

The work involved in processing the reports received from surety companies issuing bonds under LMRDA and WPPDA and any investigative activities subsequently required will be absorbed within the estimate before you.

In the technical assistance field emphasis is being placed this year on providing assistance to welfare and pension plan administrators through clinics and workshops in the use of the revised Form D-2.

Major efforts, including field investigation, will continue in Fiscal 1968 in an attempt to lower the reporting delinquency rate under LMRDA. Other investigation activity will continue at the normal level. Some cases are extremely complicated and time consuming. The National Maritime Union election investigation involved work at 17 of our field offices. The investigation of the San Francisco Bay Area Painters welfare funds was complicated by the fact that some of the principals were indicted and convicted of conspiracy to murder and murder.

The estimate for this Office for 1968 is \$6,724,100 and 518 positions as contrasted to \$6,634,300 and 524 positions in the current year. The position reduction is required to finance the within grade promotion costs being absorbed.

PROMOTION OF COMPLIANCE AND ASSISTANCE TO VETERANS

The Office of Veterans' Reemployment Rights provides direct assistance in connection with the reemployment rights of ex-servicemen, reservists, members of the National Guard and personnel rejected for military service, and promotes employer compliance with the reemployment provisions of the Universal Military Training and Service Act.

Our national policy, embodied in the law, seeks to minimize the sacrifices required of those who must leave civilian employment to perform training or services in the armed forces. While some losses, such as actual earnings, are not recoverable, the law entitles those workers who meet the requirements of eligibility to restoration on the employment escalator in the positions they would have occupied if they had not been required to absent themselves from the work force in the service of their country. The benefits and prerequisites of employment which are based on seniority, or normally accrue through the passage of time, are guaranteed to the veteran upon his return.

The need for this program will continue as long as the military commitments of the armed forces require the disruption of civilian employment. The armed forces relies upon an in-flow of civilians to meet our international commitments and at the present time both the in-flow and the turnover are rapidly increasing. The Department of Labor enjoys close cooperation with the Department of Defense and through a referral system in which the various Departments cooperate, 100 percent coverage of all persons being separated from the armed forces is being achieved. Informational materials advising such persons, not only of their reemployment rights but of all of the services available through the Department of Labor to the veteran are now provided in a single pamphlet through the Department of Defense-Department of Labor referral system. Pre-service employers are also alerted to their obligation to re-employ and are encouraged to contact OVRP field offices when they have questions on the extent of their responsibilities under the law.

While there will be some increases in separations from the military services and a substantial increase in the workload resulting from the expanded coverage of the Department of Defense-Department of Labor referral system, revised procedures, paper work management improvements, and realignment of duties and responsibilities will make it possible for the increased workload to be handled by existing staff.

INCREASE REQUESTED

Mr. REYNOLDS. The Labor-Management Services Administration is seeking a budget this year of \$8,683,000 which is a net increase of \$123,000 and a decrease of six positions.

Senator HILL. In other words, you are asking for six less positions than you had in the present fiscal year?

Mr. REYNOLDS. Yes, Mr. Chairman, the \$123,000 is really made up of pay increases, moving expenses, and other costs beyond our control.

Senator HILL. Things you couldn't control?

EMPLOYEE-MANAGEMENT RELATIONS SERVICES ADMINISTRATION

Mr. REYNOLDS. That is quite correct. Very briefly, the Labor-Management Services Administration has four main functional groups within it: One, the Office of Employee-Management Relations Services. Here we handle our responsibilities under the Urban Mass Transportation Act and Executive Order 10988, the formal program for employee-management relations in the Federal service.

Senator HILL. How is that coming under that act?

Mr. REYNOLDS. Quite well. We have 1,170 exclusive units granted throughout our Federal Establishment. There are 1,054,000 employees covered by these units, 604 agreements negotiated covering approximately 910,880 employees, and there are over 1 million Federal employees in labor organizations today. The program is working well.

I think it is working well both for the Government and for the employers.

In this functional area of employee-management relations services, we also render assistance to the President and the Secretary, and, occasionally, congressional committees with respect to particularly abrasive labor disputes.

We also develop nominations to disputes boards, analyze specific industry problems, and engage in a variety of similar functions. We also are responsible for working closely with the National Mediation Board, the Federal Mediation Service, and the National Labor Relations Board.

I think it is part of our basic freedoms that we will always have strikes. The main thing is to see that the weapon is used properly.

LABOR-MANAGEMENT-POLICY DEVELOPMENT

The Office of Labor-Management-Policy Development is the second function. The work of the Office varies as the needs vary throughout the year. Research with respect to the Landrum-Griffin Act under Mr. Kleiler is a very important activity.

For example, the election cases handled under title IV of the act often require research. This group also anticipates collective-bargaining negotiations that are coming up, for instance, now in the trucking industry and automobiles and others and keep us informed as to the general parameters of the problems as they develop so that we won't be caught unaware of it.

MAJOR ACTIVITY

The major activity in the Labor-Management Services Administration in terms of Federal expenditures is the administration of the Landrum-Griffin Act and the Welfare and Pension Plans Disclosure Act.

We have about 220,000 reports coming in to us under those two statutes each year.

Senator HILL. You have that many coming in?

Mr. REYNOLDS. Yes. Each of these must be given a desk audit. They must be checked for accuracy. All complaints must be investigated throughout our 24 field offices in the United States.

Frequently, it is necessary, unfortunately, to go through the Department of Justice to seek indictments and convictions of individuals, a very minor number of whom are guilty of embezzlement in this field.

On occasion, we also have to go into court to upset elections which we believe are improperly conducted and where the method of running them did not comport with the law of Congress that, generally speaking, every member shall be eligible to run for office.

While this statute has never been a popular act in terms of acceptance by the labor organizations, I think they realize that it is being administered fairly, reasonably, courageously, and with an understanding of their problems as well as with the basic intent of doing what Congress meant to be done.

I would report that the instances of dishonesty among labor officials at the upper level is practically nil. We do have some people at the

lower levels who engage in mischief and we try as best we can to bring them into compliance with the law and correct their methods and ways, and when we can't, we go to court and see that the law takes care of that.

Senator HILL. Your use of the word "mischief" interests me.

Mr. REYNOLDS. Possibly it is an understatement. It is the word frequently used, I guess, for that kind of problem.

Senator HILL. There are degrees of it, is that right?

ASSISTANCE FOR VETERANS

Mr. REYNOLDS. Yes, sir. Finally, one very important but quietly administered function in the Labor-Management Services Administration is the promotion of compliance and assistance to our veterans. Under Mr. Bradley, this program goes on effectively and efficiently, seeing to it that returning veterans are assisted in getting the jobs they held before their service, together with any benefits that might have accrued to them had they not been in the service.

The program is widely accepted by both the industry community of our Nation and, of course, by the labor organizations. Mr. Bradley and his counterparts in the Department of Defense have worked out a very orderly arrangement whereby every veteran knows his rights as he leaves the service, every employer who has an obligation is informed of his obligation, and the program only results in credit to our Government, Mr. Chairman; and I am extremely proud of it and the work that Mr. Bradley does.

ADMINISTRATIVE BACKUP SERVICES

Finally, the administrative backup services for all of this are going to cost us in the fiscal year \$619,800 which is an increase of \$13,000 and no added positions.

Senator HILL. No new jobs?

Mr. REYNOLDS. Again no new jobs at all. I think the budget is extremely prudent. It is realistic and I think we can live with that.

My office also administers the general supervision over the Wage and Hour and Public Contracts Divisions which are directly administered by Administrator Lundquist, and he will appear directly before you and give you the details.

If there are any questions that any of us can answer, we will be glad to do so.

Senator HILL. Have any of you anything to add?

Mr. Secretary, we want to thank you very much. It is a good statement. We appreciate it very, very much.

Now, Mr. Lundquist.

WAGE AND HOUR DIVISION

STATEMENTS OF CLARENCE T. LUNDQUIST, ADMINISTRATOR; IRVING LEVINE, ASSISTANT ADMINISTRATOR; WILLIAM R. REISE, CHIEF, DIVISION OF PROGRAM PLANNING AND EVALU- ATION

APPROPRIATION ESTIMATE

WAGE AND HOUR DIVISION, SALARIES AND EXPENSES

For expenses necessary for the *Wage and Hour Division*, including performing the duties imposed by the Fair Labor Standards Act of 1938, as amended, the Service Contract Act of 1965 (79 Stat. 1034), and the Act to provide conditions for the purchase of supplies and the making of contracts by the United States, approved June 30, 1936, as amended (41 U.S.C. 35-45), including reimbursements to State, Federal, and local agencies and their employees for inspection services rendered, **[\$22,256,000] \$25,424,000.**

EXPLANATION OF LANGUAGE CHANGES

The language has been broadened to allow for changes in responsibility resulting from new legislation. This change, for example, accommodates the assignment of responsibilities for the National Foundation for the Arts and the Humanities Act to the Wage and Hour Division.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$22,256,000	\$25,424,000
Proposed transfer from "Unemployment compensation for Federal Employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966).....	+481,000	-----
Comparative transfer to the Office of the Secretary for centralized audit and systems functions.....	-27,000	-----
Comparative transfer to the Bureau of Labor Standards for safety functions.....	-399,000	-----
Appropriation or estimate, revised.....	22,311,000	25,424,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
1. Enforcement.....	1,578	\$18,131,600	1,799	\$20,913,300	+221	+\$2,781,700
2. Wage determinations and regulations...	84	1,715,700	89	1,804,700	+5	+89,000
3. Research and legislative analysis.....	69	1,724,400	72	1,876,600	+3	+152,200
4. Administration and management services.....	73	739,300	80	829,400	+7	+90,100
Total obligations.....	1,804	22,311,000	2,040	25,424,000	+236	+3,113,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	1,804	2,040	+236
Positions other than permanent.....	16	16	-----
Average number of all employees.....	1,754	1,964	+210
11 Personnel compensation.....	\$16,763,600	\$18,641,500	+\$1,877,900
12 Personnel benefits.....	1,282,900	1,497,900	+215,000
21 Travel and transportation of persons.....	1,165,500	1,427,300	+261,800
22 Transportation of things.....	56,000	103,700	+47,700
23 Rent, communications, and utilities.....	588,900	758,200	+169,300
24 Printing and reproduction.....	257,600	327,800	+70,200
25 Other services.....	60,500	193,300	+132,800
Services of other agencies.....	2,005,900	2,162,500	+156,600
26 Supplies and materials.....	81,100	96,300	+15,200
31 Equipment.....	49,000	215,500	+166,500
Total obligations.....	22,311,000	25,424,000	+3,113,000
Working capital fund items included above.....	(498,100)	(565,200)	(+67,100)

Summary of changes

1967 enacted appropriation.....	\$22,256,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966).....	+481,000
Comparative transfer to Office of the Secretary for centralized audit and systems functions ¹	-27,000
Comparative transfer to Bureau of Labor Standards for safety functions ²	-399,000
1967 appropriation, revised.....	22,311,000
1968 estimate.....	25,424,000
Total change.....	+3,113,000

Mandatory items:

Increases:

Net additional cost to restore pay costs absorbed in 1967.....	+125,000
Net additional cost of within-grade promotions effective for part year in 1967.....	+70,000
Net cost of within-grade promotions becoming effective in 1968.....	+59,600
To provide for a net increase in contributions to the Federal employees' compensation fund.....	+7,100
Decreases: Nonrecurring extra day of pay for current year staff.....	-71,700

Subtotal, mandatory items.....+190,000

Program items:

Increases:

For funding of civil defense functions formerly financed by Office of Emergency Planning (3 positions; personal services, \$39,700; nonlabor, \$3,300).....	+43,000
To provide for administration of the 1966 amendments to the Fair Labor Standards Act (233 positions; personal services, \$1,933,800; nonlabor \$846,000).....	+2,780,000
To provide for a study of means for attaining better public understanding of the Fair Labor Standards Act.....	+100,000
Subtotal, increases.....	+2,923,000
Subtotal, program items.....	+2,923,000

Total change.....+3,113,000

¹ The comparative transfer involves no positions.

² The comparative transfer involves 23 positions.

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Net pay increase costs.....		\$71,000		\$22,300		\$28,800		\$2,900		\$125,000
Net additional cost within-grade promotions effective for part year in 1967.....		58,100		4,900		3,500		3,500		70,000
Net within-grade promotion costs initially effective in 1968.....		53,000		3,000		2,300		1,300		59,600
Contributions to FEC fund.....		7,100								7,100
Increase for nonrecurring extra day of pay for current year staff.....		-63,000		-3,400		-2,600		-2,700		-71,700
Total.....		126,200		26,800		32,000		5,000		190,000

Explanation of mandatory changes for 1968

Increases: to restore pay costs absorbed in 1967..... \$125,000

Within-grade promotion costs:

1968 net additional cost of within-grade promotions effective for part-year in 1967..... +93,200

Personnel compensation..... 170,247
 Deduct lapse..... -5,947
 Deduct savings due to turnover..... -23,100
 Administrative deduct to reflect B.O.B. formula..... -54,600
 Personnel benefits..... 6,600

Net cost 93,200
 Absorption of a portion of above increases..... -23,200

1967 Adjusted net additional cost of within-grade promotions effective for part-year in 1967..... 70,000

Net cost of within-grade promotions becoming effective during 1968..... +79,400

Personnel compensation..... 142,993
 Deduct lapse..... -5,293
 Deduct savings due to turnover..... -19,400
 Administrative deduct to reflect B.O.B. formula..... -44,500
 Personnel benefits..... 5,600

Net cost 79,400
 Absorption of a portion of above increases..... -19,800

1968 adjusted net cost of within-grade promotions becoming effective during 1968..... 59,600

To provide a net increase in contributions to the Federal employees' compensation fund..... 7,100

Decreases:

Nonrecurring extra day of pay for current year staff..... -71,700

Total, mandatory items..... +190,000

Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation	221	\$1,648,300	5	\$40,600	3	\$30,500	7	\$60,200	236	\$1,779,600
12 Personnel benefits		174,100		7,000		5,300		7,500		193,900
21 Travel and transportation of persons		252,400		2,000		1,500		5,900		261,800
22 Transportation of things		38,700		3,600		2,700		2,700		47,700
23 Rent, communications, and utilities		157,800		4,500		2,700		4,300		169,300
24 Printing and reproduction		68,600		600		200		800		70,200
25 Other services		140,900		1,000		75,600		1,300		218,800
26 Supplies and materials		14,200		400		200		400		15,200
31 Equipment		160,500		2,500		1,500		2,000		166,500
Total	221	2,655,500	5	62,200	3	120,200	7	85,100	236	2,923,000

Distribution of field staff

Supervising offices	1967			1968		
	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Ga.	158	35	193	201	43	244
Birmingham, Ala.	102	33	135	118	36	154
Boston, Mass.	59	20	79	65	21	86
Chambersburg, Pa.	88	28	116	109	32	141
Chicago, Ill.	179	50	229	199	53	252
Dallas, Tex.	145	34	179	157	36	193
Kansas City, Mo.	98	25	123	110	27	137
Nashville, Tenn.	125	33	158	147	38	185
New York City, N.Y.	104	28	132	114	29	143
San Francisco, Calif.	122	32	154	143	35	178
Santurce, P.R.	26	11	37	28	11	39
Total field staff	1,206	329	1,535	1,391	361	1,752

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$18,641,500

This estimate provides for 2,040 full-time positions or 1,948 net man-years, and 16 man-years of intermittent employment. Of this 1,677 man-years and \$15,902,600 are allocated to field personnel compensation and 271 man-years and \$2,738,900 for Departmental. The net increase of \$1,877,900 from 1967 provides \$1,742,600 for additional costs of the 1966 amendments to the Fair Labor Standards Act, \$120,400 for within-grade promotions, \$70,900 to restore pay costs absorbed in 1967, \$37,000 for funding of civil defense functions formerly financed by Office of Emergency Planning, and a reduction of \$66,800 for one less day of pay in 1968. In addition, this estimate includes a decrease of \$26,200 to meet the limitation on average compensation established by the Bureau of the Budget.

Personnel benefits, \$1,497,900

This estimate is based upon the cost of personnel compensation. The net increase of \$215,000 provides \$191,200 for additional costs of the 1966 amendments to the Fair Labor Standards Act, \$9,200 for within-grade promotions, \$7,100 for contributions to Federal Employees' Compensation Fund, \$9,700 to restore pay costs absorbed in 1967, \$2,700 for funding of civil defense functions formerly

financed by Office of Emergency Planning, and a reduction of \$4,900 for one less day of pay in 1968. This estimate covers the following benefits:

Contribution to the Civil Service Commission retirement fund-----	\$1, 210, 000
Employees' group life insurance-----	61, 700
Employees' health benefits-----	155, 200
Contribution under the Federal Insurance Contribution Act-----	800
Contribution to Federal employees' compensation fund-----	15, 200
Employees' moving allowances-----	55, 000
Total -----	1, 497, 900

Travel and transportation of persons, \$1,427,300

This estimate provides for per diem, mileage, parking fees, and transportation costs for investigators, field office supervisors, administrative officials, and industry committee members. The net increase of \$261,800 provides \$260,400 for additional costs of the 1966 amendments to the Fair Labor Standards Act and \$1,400 for funding of civil defense functions formerly financed by Office of Emergency Planning.

	1967	1968	Net change
Per diem-----	\$385, 000	\$490, 800	+\$105, 800
Mileage-----	625, 500	756, 000	+130, 500
Other transportation costs-----	155, 000	180, 500	+25, 500
Total-----	1, 165, 500	1, 427, 300	+261, 800

Transportation of things, \$103,700

This estimate provides for the movement of household goods and personal effects of 135 employees at a rate of approximately \$600 per move, \$20,700 for shipment of supplies, equipment, and printed matter to field installations.

	1967	1968	Net change
Movement of household goods-----	\$38, 000	\$83, 000	+\$45, 000
Shipment of supplies and materials-----	18, 000	20, 700	+2, 700
Total-----	56, 000	103, 700	+47, 700

Rent, communications, and utilities, \$758,200

The net increase of \$169,300 provides \$168,600 additional costs for the 1966 amendments to the Fair Labor Standards Act and \$700 for funding of civil defense functions formerly financed by Office of Emergency Planning.

	1967	1968	Net change
Paid official mail-----	\$206, 900	\$226, 900	+\$20, 000
Telephone services-----	301, 600	344, 100	+42, 500
Teletype services-----	3, 600	3, 600	-----
Rent and utility services-----	23, 200	119, 600	+96, 400
Working capital fund-----	53, 600	64, 000	+10, 400
Total-----	588, 900	758, 200	+169, 300

Printing and reproduction, \$327,800

This estimate provides \$69,800 for additional costs of the 1966 amendments to the Fair Labor Standards Act and \$400 for funding of civil defense functions formerly financed by Office of Emergency Planning.

	1967	1968	Net change
Publications.....	\$145,200	\$203,700	+\$58,500
Forms and schedules.....	16,600	16,600	-----
Other reproduction services.....	7,900	7,900	-----
Working capital fund.....	87,900	99,600	+11,700
Total.....	257,600	327,800	+70,200

Other services, \$2,355,800

The increase of \$289,400 provides \$118,200 for additional cost of the 1966 amendments to the Fair Labor Standards Act, \$44,400 to restore pay costs absorbed in 1967, \$100,000 for a study of means for attaining better public understanding of the Fair Labor Standards Act, and \$600 for funding of civil defense functions formerly financed by the Office of Emergency Planning. In addition, this estimate includes an increase of \$26,200 in miscellaneous other services to offset the decrease in object 11 resulting from the limitation on average compensation.

	1967	1968	Net change
Bureau of Labor Statistics for tabulation of investigator statistics.....	\$35,600	\$35,600	-----
Bureau of Labor Statistics for collection of data necessary to the administration of the Service Contract Act.....	700,000	718,500	+\$18,500
Bureau of Labor Statistics for wage surveys related to economic effects of the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act.....	861,700	958,700	+97,000
Study to improve methods of informing the public about the Fair Labor Standards Act.....	-----	100,000	+100,000
Surveys to provide a basis for developing legislative recommendations and to study the economic effects of the acts administered by the Wage and Hour Division.....	63,200	67,100	+3,900
Bureau of Census and other agencies for special tabulations related to covered establishments.....	45,000	45,000	-----
Security investigations.....	4,200	4,200	-----
Repairs to office machines and equipment.....	15,600	15,600	-----
Miscellaneous other services, such as health service contracts, repairs and alterations, moving services, and tuitions.....	44,900	77,700	+32,800
Working capital fund.....	296,200	333,400	+37,200
Total.....	2,066,400	2,355,800	+289,400

Supplies and materials, \$96,300

The increase of \$15,200 provides \$15,000 for additional costs of the 1966 amendments to the Fair Labor Standards Act and \$200 for funding of civil defense functions formerly financed by Office of Emergency Planning.

	1967	1968	Net change
Desk top supplies.....	\$20,700	\$28,100	+\$7,400
Working capital fund.....	60,400	68,200	+7,800
Total.....	81,100	96,300	+15,200

Equipment, \$215,500

This increase of \$166,500 provides \$166,500 for new positions and \$50,000 for procurement of dictating equipment to facilitate handling the increased workload resulting from the 1966 amendments to the Fair Labor Standards Act.

	1967	1968	Net change
Equipment.....	\$36,400	\$202,900	+\$166,500
Subscriptions to reference materials.....	12,600	12,600	-----
Total.....	49,000	215,500	+166,500

Summary of new positions

	Num- ber	Grade	Amount
ACTIVITY 1			
Field offices:			
Field office supervisors.....	10	GS-13	\$128,730
Investigators.....	75	GS-12	819,525
Do.....	100	GS-7	645,100
Secretaries.....	10	GS-5	53,310
Clerk-stenographers.....	12	GS-4	57,312
Clerk-typists.....	10	GS-3	42,690
Departmental:			
Information specialist.....	1	GS-12	10,927
Law-enforcement specialists.....	2	GS-12	21,854
Clerk-stenographer.....	1	GS-4	4,776
Total.....	221		1,784,224
ACTIVITY 2			
Departmental:			
Wage-hour analysts.....	2	GS-12	21,854
Labor economist.....	1	GS-12	10,927
Clerk-stenographers.....	2	GS-4	9,552
Total.....	5		42,333
ACTIVITY 3			
Departmental:			
Labor economist.....	1	GS-12	10,927
Statistician.....	1	GS-12	10,927
Labor economist.....	1	GS-11	9,221
Total.....	3		31,075
ACTIVITY 4			
Departmental:			
Wage administration planning officer ¹	1	GS-14	17,198
Wage administration planning specialist ¹	1	GS-13	14,665
Program analyst.....	1	GS-11	9,221
Secretary ¹	1	GS-5	5,507
Clerk.....	1	GS-5	5,331
Clerk-typists.....	2	GS-3	8,538
Total.....	7		60,460
Grand total.....	236		1,918,092

¹ For funding of civil defense functions formerly financed by Office of Emergency Planning.

PREPARED STATEMENT

Senator HILL. We are glad to have you back with us. Your predecessor was who?

Mr. LUNDQUIST. Mr. Newell Brown.

Senator HILL. Where is he now?

Mr. LUNDQUIST. I believe he is at Princeton doing some employment counseling.

Senator HILL. We are glad to have you. You may proceed.

Mr. LUNDQUIST. Mr. Chairman, I have a longer statement which will be filed.

Senator HILL. We will have that appear in the record.

(The statement follows:)

Mr. Chairman and Members of the Committee, the Wage and Hour Division's request for fiscal year 1968 is \$25,424,000 which provides for \$3,113,000 more than the revised appropriation for 1967 including \$606,000 for pay increases under P.L. 89-504 and \$2,780,000 and 233 positions to meet the additional costs of administration of the 1966 Fair Labor Standards Amendments, P.L. 89-601. The request includes additional increase items of \$100,000 for a study to explore possible means of gaining better public understanding of the Fair Labor Standards Act and an increase of \$43,000 to reflect the funding of civil defense functions (wage and salary stabilization) formerly financed by the Office of

Emergency Planning. Program decrease items include a reduction of \$399,000 and 23 positions due to transfer to the Bureau of Labor Standards of safety and health responsibilities. This reduction is reflected in a comparative transfer to the Bureau of Labor Standards.

NEWLY ENACTED LEGISLATION

Effective February 1, 1967 the 1966 Fair Labor Standards Act amendments extended coverage under the Act to an additional 8 million employees in approximately 600,000 additional establishments. Newly covered establishments include hospitals and related institutions, hotels and motels, restaurants, laundries and additional retail and service establishments. In addition, certain agricultural employees working on farms are covered under the Act for the first time. Beginning February 1, 1969 an additional 100,000 establishments and more than one million additional workers will be covered by the Act.

For the 32.3 million employees previously covered the minimum wage is increased from \$1.25 to \$1.40 an hour effective February 1, 1967 and \$1.60 an hour one year later. For newly covered employees (other than Federal employees and those employed in agriculture) a minimum wage of \$1.00 an hour is established effective February 1, 1967 with annual increases of 15 cents an hour until \$1.60 an hour is reached in 1971. Generally, newly covered employees become subject to a 44-hour workweek standard on February 1, 1967 with at least 1½ overtime required after 44 hours, a 42-hour standard a year later and a 40-hour standard on February 1, 1969. No overtime standards are applicable to farm employees or employees of hotels, motels or restaurants.

ENFORCEMENT PROGRAM

During FY 1966 the final step under the 1961 amendments went into effect and the 3.6 million employees newly covered under the 1961 amendments became subject to a \$1.25 minimum wage standard and 40-hour workweek overtime standard, the same as all other covered and nonexempt employees. About 800,000 workers were entitled to receive wage increases as a result of the higher standards which became effective on September 3, 1965.

The 57,625 investigations made in FY 1966 disclosed underpayments of \$89.9 million, an increase of 20 percent over the prior year while the number of employees found underpaid increased from 406,333 in 1965 to 428,778 in 1966 or by about 6 percent. The increased severity in the violations disclosed reflects in part the higher minimum wage and overtime standards which were in effect during the full two-year investigation period.

In 1967 it is estimated that about 55,000 investigations will be made, slightly less than the preceding year. The lesser number of investigations is a result of (1) the planned increase in the use of investigator time for training and for public information and education activities; (2) the greater number of complaint investigations anticipated during the second half of FY 1967 which normally take nearly double the time per investigation as that required to make a noncomplaint investigation. It is estimated that some 380,000 employees will be found due \$81,600,000 in underpayments during 1967. Of the 55,000 investigations which will be made in 1967 about 1,000 will be scheduled under the McNamara-O'Hara Service Contract Act.

An increase of 175 investigator positions is being requested to handle the increased number of complaints expected as a result of the FLSA amendments. With these additional positions it is estimated that a total of 59,000 investigations including 30,000 as a result of complaints, will be made in 1968. Only a limited increase in investigations is projected for 1968 due to the time required to train the new investigators and the lower rate of productivity for these new positions. The full impact of the additional investigator positions will be reflected in the number of investigations made in 1969.

PUBLIC INFORMATION AND EDUCATION PROGRAM

To advise employers and employees of their rights and responsibilities under the Fair Labor Standards Act, an extensive public information program has been set in motion. Some 1.9 million brochures already have been mailed to employers throughout the country. Each contains a letter alerting the employer to changes in the Act, a "Notice to Employees" which must be posted at the place of employment, and a mailback coupon which can be used to obtain more information. In the months to come both national office and field employees will be giving hun-

dreds of talks and holding discussions before employer and employee organizations as well as professional and non-professional groups. Non-technical pamphlets, and radio and TV announcements also will be used extensively. As indicated earlier, included in our request for 1968 are funds for a study to explore means for improving public understanding and awareness of the standards provided by the Fair Labor Standards Act.

WAGE ORDER PROGRAM

During 1966 three industry committees reviewed the rates in two industries in Puerto Rico, five industries in American Samoa and seven in the Virgin Islands. A total of six wage orders were issued during 1966. Additional industry committees had been planned for 1966 but were canceled during the latter part of the year due to the FLSA amendments then pending before the Congress. The 1966 amendments provide for an automatic increase of 12 percent for any wage rates in effect in Puerto Rico and the Virgin Islands at the time of enactment. This increase becomes effective 60 days after the February 1, 1967 effective date of the amendments. One year later the rate will automatically be increased by 16 percent.

Under the 1966 amendments provision is made whereby any employer or group of employers employing a majority of employees in an industry may within 60 days following enactment of the amendments, request the Secretary of Labor to appoint a review committee to recommend rates in lieu of those provided in the Act. Twelve requests for appointment of review committees are being reviewed. In addition, five committees have been scheduled during 1967 to set wage rates for newly covered industries in Puerto Rico, the Virgin Islands and American Samoa. About the same number of committees will be required in 1968.

SPECIAL MINIMUM WAGE PROGRAM

The 14,032 certificates issued in 1966 authorizing the employment of learners, full-time students, handicapped workers, student learners and apprentices at rates below the statutory minimum was 600 more than the number issued in 1965. It is expected that the number of certificates issued in 1967 will increase to about 17,000 as a result of the higher minimum wage standard and the greater number of employees covered under the 1966 amendments. An increase in the number of full-time student applications is anticipated under the more liberal provisions for certification provided by the 1966 amendments and as a result of the large number of students employed in hospitals, food service and agriculture which are newly covered under the amendments. It is estimated that about 19,000 certificates will be issued in 1968.

As directed by the 1966 amendments, a study will be made of the wages paid handicapped clients in sheltered workshops and of the feasibility of raising existing wage standards in such workshops.

GOVERNMENT CONTRACTS WAGE DETERMINATION PROGRAM

Activities involving implementation of the McNamara-O'Hara Service Contract Act received high priority in the latter half of FY 1966. This Act became effective on January 20, 1966, and provides for determination of wage rates and fringe benefits prevailing for the various classes of service employees in a locality. It is estimated that as many as 50,000 contracts subject to the Act are in effect at any one time. During the latter part of FY 1966, 166 determinations were issued. For the first half of FY 1967 a total of 363 determinations were issued. Based on the current rate of issuing determinations under the Act it is estimated that during 1967 about 1,000 determinations will be issued which will apply to some 10,000 service contracts. In FY 1968 an increase in the number of determinations issued and the number of contracts affected is expected. During 1967 it is expected that the Bureau of Labor Statistics will make approximately 100 special wage surveys for the purpose of providing wage data for use in making determinations. About 100 special wage surveys are also planned for 1968.

No new industry wage determinations were issued under the Walsh-Healey Public Contracts Act in 1966 and none are planned for 1967 or 1968. Wage determinations in 24 industries continue in effect and apply to a substantial portion of Government procurement. A proposal has been published in the Federal Register to establish a prevailing minimum wage determination of \$1.40 an hour for all industries subject to the provisions of the Public Contracts Act except those industries where the present determination is higher than this amount. This wage

determination establishes a prevailing minimum wage under the Public Contracts Act which is equal to the \$1.40 per hour statutory minimum under the Fair Labor Standards Act effective February 1, 1967.

ECONOMIC STUDIES

Section 4(d) of the Fair Labor Standards Act directs the Secretary of Labor to submit annually to the Congress a report including an evaluation and appraisal of the minimum wages established by the Act and recommendations for further legislation in connection with matters covered by the Act. The report for this year was submitted in January 1967. Included in the report is a study of the effects of \$1.25 minimum wage and the 40-hour standard in retail trade, and studies of employment, wages, and hours in the motion picture theater industry, hospitals and laundries. Also, included is a study of low-wage occupations in metropolitan areas and low-wage industries.

As directed in the 1966 amendments a study is being made of wage payments to handicapped clients of sheltered workshops and of the feasibility of raising existing wage standards in sheltered workshops. A study also is being made which will permit an evaluation of the adequacy of the present overtime standard under the Fair Labor Standards Act. The results of these studies, along with appropriate recommendations, will be reported to the Congress by July 1, 1967.

During 1968 studies will be made of employment and earnings in eating and drinking places, hotels and motels, and in farming and agricultural processing to determine the effects of the \$1.00 minimum wage on employees who are covered by the Act for the first time. Additional studies will be developed to provide information on earnings and employment in other newly covered industries or in industries where coverage was expanded. As directed in the 1966 amendments a study will be developed to examine the wages paid Government employees in the Canal Zone for submission to the Congress by July 1, 1968.

SUMMARY

The Wage and Hour Division stands ready to meet the challenges of administering the higher wage standards and extended coverage set out by the Congress in the 1966 Fair Labor Standards Act amendments. It is recognized that effective administration of the amended law demands new and imaginative avenues of approach. We will continue to direct our efforts vigorously toward attaining compliance wherever noncompliance exists and with the resources included in this request, will seek to ensure that covered employees receive the higher benefits to which they are entitled.

INCREASE OVER 1967 APPROPRIATION

Mr. LUNDQUIST. I would submit a short statement if you concur.

Mr. Chairman, the Wage and House Division request for fiscal year 1968 is \$25,424,000 which provides for \$3,113,000 more than the revised appropriation for 1967. Increase items include \$2,780,000 and 233 positions to meet the additional costs of administration of the 1966 amendments of the Fair Labor Standards Act.

Senator HILL. That added quite a bit to your work, didn't it?

Mr. LUNDQUIST. It certainly did, Mr. Chairman, a tremendous increase in the number of covered establishments and employees.

Senator HILL. Employees that you never had to consider before, is that right?

Mr. LUNDQUIST. Well, we had approximately 32 million employees and the 1966 amendments added about 9 million more.

Senator HILL. Nine million?

REQUEST FOR STUDY

Mr. LUNDQUIST. We are also including in this budget request \$100,000 for a study to explore possible means of gaining better public understanding of the Fair Labor Standards Act.

In the additional coverage, Mr. Chairman, about 8 million additional employees, will be covered or were covered as of February 1, 1967, and this includes some 600,000 additional establishments.

Then automatically as a result of the 1966 amendments some 100,000 establishments and 1 million additional workers will be covered in February of 1969.

We have engaged in an extensive public information program and we do this in order to properly advise employees and employers alike of their rights and responsibilities under the law.

To insure that covered workers receive the wages to which they are entitled we propose to increase the number of investigations made both through an increase in the size of the investigative staff in 1968 and through, we hope, improved administrative techniques and procedures.

Overall we believe, Mr. Chairman, that with the funds provided for in this request the Wage and Hour Division can meet the rather difficult challenge set out by the Congress in the 1966 amendments but we will have a tremendous increase in our workload.

Senator HILL. I understand that.

TWO STUDIES

I notice that you state that the results of your studies will be reported to the Congress by July 1 this year, is that correct?

Mr. LUNDQUIST. Yes. There are two studies, Mr. Chairman, one relating to the overtime provisions and the other relating to the handicapped worker, sheltered workshop program. These two studies were requested in the 1966 amendments and the secretary will report to the Congress by July 1 of this year.

PREVIOUS STUDIES

Senator HILL. I notice you mention the study of the effects of the \$1.25 minimum wage, the study about the motion picture industry and hospitals and laundries.

Mr. LUNDQUIST. Those studies were submitted to the Congress this year as of January.

Senator HILL. I thought they were submitted this past January.

Mr. LUNDQUIST. That was in response to the annual requirement of submitting a report evaluating the effects of the minimum wage and any legislative recommendations concerning the Fair Labor Standards Act.

UNDERTAKING ESTABLISHMENTS

Senator HILL. I had a delegation call on me just shortly before I left to come back up here about the undertaking establishments. Have you given any study to that?

Mr. LUNDQUIST. Yes, we have, Mr. Chairman. As a result of the interest expressed by this group we did meet with them and I believe their problems are solved.

Senator HILL. You think they are solved?

Mr. LUNDQUIST. At least they indicated that to us in a meeting attended jointly by the Solicitor of Labor, Mr. Donahue, and me several weeks ago. As a result of a further explanation on their part indicating to us that we had not been fully informed as to the exact

situation, I believe we convinced them and they convinced us that things are quite well.

Senator HILL. You think you have consensus then?

Mr. LUNDQUIST. Yes, we do.

Senator HILL. That is gratifying. Everybody sooner or later will get there won't they?

Mr. LUNDQUIST. The later the better I suppose.

Senator HILL. I would agree wholeheartedly with you on that, sir, the later the better.

Is there anything else you would like to add, sir?

Mr. LUNDQUIST. No. Mr. Chairman, I do have with me two capable and fine employees of the Wage and Hour Division, Assistant Administrator Irving Levine and his top budget planning man, Mr. Reise.

Senator HILL. Fine.

Is there anything you gentlemen would want to add? We appreciate your statement very much. Thank you very much, sir.

We thank all of your gentlemen.

Now, Mr. Bortz, of the Bureau of Labor Standards.

BUREAU OF LABOR STANDARDS

STATEMENTS OF NELSON M. BORTZ, DIRECTOR; GEORGE T. BROWN, DEPUTY DIRECTOR; ROBERT D. GIDEL, ASSISTANT DIRECTOR FOR SAFETY; MILTON BROOKE, CHIEF, DIVISION OF STATE SERVICES AND STANDARDS; AND ROBERT P. VAN ZANT, ADMINISTRATIVE OFFICER

APPROPRIATION ESTIMATE

BUREAU OF LABOR STANDARDS, SALARIES AND EXPENSES

For expenses necessary for the *Bureau of Labor Standards*, including the promotion of industrial safety, employment stabilization, and amicable industrial relations for labor and industry; performance of safety functions of the Secretary under [the Federal Employees' Compensation Act, as amended (] 5 U.S.C. [784 (c))] 7902, and the Longshoremen's and Harbor Workers' Compensation Act, as amended ([72 Stat. 835] 33 U.S.C. 941); and not less than [\$451,000] \$462,000 for the work of the President's Committee on Employment of the Handicapped, as authorized by the Act of July 11, 1949 (63 Stat. 409); [\$3,389,000] \$4,645,000: *Provided*, That no part of the appropriation for the President's Committee shall be subject to reduction or transfer to any other department or agency under the provisions of any existing law.

EXPLANATION OF LANGUAGE CHANGES

The language has been changed to include all safety responsibilities of the Secretary of Labor and to provide for future changes in responsibility without further changes in the appropriation language. These activities were consolidated in the Bureau of Labor Standards by Secretary's Order No. 12-66, dated July 19, 1966.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$3,389,000	\$4,645,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966).....	45,000	-----
Comparative transfer to the Office of the Secretary for centralized audit and systems functions.....	-11,000	-----
Comparative transfer from Wage and Hour and Public Contracts Divisions for safety functions.....	399,000	-----
Appropriation or estimate, revised.....	3,822,000	4,645,000

Obligation by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Improving working conditions of wage earners.....	50	\$657,300	56	\$751,000	+6	+\$93,700
2. Reducing industrial accidents.....	183	2,423,000	244	3,149,200	+61	+726,200
3. Promoting employment of the handicapped.....	31	459,800	31	462,300	-----	+2,500
4. Administration and management services.....	25	281,900	25	282,500	-----	+600
Total obligations.....	289	3,822,000	356	4,645,000	+67	+823,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	289	356	+67
Average number of all employees.....	274	339	+65
11 Personnel compensation.....	\$2,829,000	\$3,383,100	+\$554,100
12 Personnel benefits.....	206,200	247,500	+41,300
21 Travel and transportation of persons.....	261,400	327,400	+66,000
22 Transportation of things.....	16,000	19,000	+3,000
23 Rent, communications, and utilities.....	110,800	154,600	+43,800
24 Printing and reproduction.....	180,900	215,200	+34,300
25 Other services.....	47,600	92,900	+45,300
Services of other agencies.....	105,000	115,000	+10,000
26 Supplies and materials.....	45,400	58,100	+12,700
31 Equipment.....	19,700	32,200	+12,500
Total obligations.....	3,822,000	4,645,000	+823,000
Working capital fund items included above.....	(191,000)	(234,400)	(+43,400)

Summary of Changes

1967 enacted appropriation-----	\$3, 389, 000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)-----	45, 000
Comparative transfer to Office of the Secretary for centralized audit and systems functions ¹ -----	-11, 000
Comparative transfer from Wage and Hour and Public Contracts Divisions for safety functions ² -----	399, 000
1967 appropriation, revised-----	3, 822, 000
1968 estimate -----	4, 645, 000
Total change -----	+823, 000
Mandatory items:	
Increases:	
Net additional cost to restore pay costs absorbed in 1967-----	+40, 000
Net additional cost of within-grade promotions effective for part year in 1967-----	+12, 500
Net cost of within-grade promotions becoming effective in 1968 -----	+27, 800
Decreases:	
Nonrecurring extra day of pay for current year staff-----	-10, 200
To reduce the level of contributions to the Federal employees' compensation fund -----	-1, 300
Subtotal, mandatory items-----	+68, 800
Program items:	
Increases:	
To provide expanded safety services to the maritime industries because of escalation of the war in Vietnam (61 positions, \$512,700; nonlabor, \$163,300) (page LSB-25)-----	+676, 000
To provide additional services for protection of young workers under 1966 amendments to the Fair Labor Standards Act (6 positions, \$48,700; nonlabor, \$31,300) (page LSB-17 -----	+80, 000
Decreases:	
Nonrecurring equipment costs for new positions in 1967 (page LSB-33) -----	-1, 800
Subtotal, decreases -----	-1, 800
Subtotal, program items-----	+754, 200
Total change -----	+823, 000

¹ The comparative transfer involves no positions.² The comparative transfer involves 23 positions.

Explanation of mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Net pay increase costs.....		+\$7,600		+\$32,400						+\$40,000
Net additional cost of within-grade promotions effective for part year in 1967.....		+3,500		+6,700		+\$1,700		+\$900		+12,500
Net within-grade promotion costs initially effective in 1968.....		+4,800		+17,300		+3,600		+2,100		+27,800
Contributions to FEC fund.....								-1,300		-1,300
Decrease for nonrecurring extra day of pay for current year staff.....		-2,200		-6,200		-1,000		-800		-10,200
Total.....		+13,700		+50,200		+4,300		+600		+68,800

Mandatory Changes for 1968

Increases: To restore pay costs absorbed in 1967-----	+\$40, 000
Within-grade promotion costs:	
1968 net additional cost of within-grade promotions effective for part-year in 1967-----	12, 500
Personnel compensation -----	12, 854
Deduct lapse -----	-450
Deduct savings due to turnover-----	-704
Personnel benefits -----	800
Net cost -----	+12, 500
Net cost of within-grade promotions becoming effective during 1968 -----	27, 800
Personnel compensation -----	28, 488
Deduct lapse -----	-988
Deduct savings due to turnover-----	-1, 600
Personnel benefits -----	1, 900
Net cost -----	+27, 800
Decreases:	
Nonrecurring extra day of pay for current year staff-----	-10, 200
To reduce the level of contributions to the Federal employees' com- pensation fund -----	-1, 300
Total, mandatory items-----	+68, 800

Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3		Activity 4		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation.....	+6	+\$45,200	+61	+\$478,400					+67	+\$523,600
12 Personnel benefits.....		3,500		34,300						37,800
21 Travel and transportation of persons.....		10,000		56,000						66,000
22 Transportation of things.....				3,000						3,000
23 Rent, communications, and utilities.....		5,100		38,700						43,800
24 Printing and reproduction.....		8,100		26,200						34,300
25 Other services.....		6,000		14,500						20,500
26 Supplies and materials.....		600		12,100						12,700
31 Equipment.....		1,500		12,800						14,300
Total	+6	+\$80,000	+61	+\$676,000		-\$1,800			+67	+\$754,200

ACTIVITY I. IMPROVING WORKING CONDITIONS OF WAGE EARNERS

1967 -----	\$657, 300
Positions -----	50
1968 -----	\$751, 000
Positions -----	56

NARRATIVE DESCRIPTION OF PROGRAM

The core of the Bureau's program of improving working conditions of wage earners is its assistance to the State in developing better labor laws, more effective administration, and other measures to achieve this objective. The Bureau serves as a national resource for technical information on all types of labor laws and administrative techniques; reviews changing economic and legal developments and appraises State experience as a basis for development of new or improved standards for giving advisory technical assistance to State labor departments.

Fiscal 1966 Accomplishments

In 1965-1966 more than 9,200 bills affecting labor conditions were introduced into State legislatures and more than 1,000 were enacted. The Bureau gave on-the-spot field services in 1966 to 40 States through labor standards conferences, regional training programs for State personnel, seminars with State labor agencies and universities, workshops dealing with specific laws or administrative problems, such as debt pooling and regulation of private employment agencies. This momentum is expected to continue into the next biennium which began in January 1967.

The upturn in State legislative activities covered a range of worker needs many of which have no Federal counterparts. Its continuance in 1967 will put heavy pressure on the Bureau's limited staff, first, for legislative assistance in incorporating tested standards in proposed laws and, second, for administrative advice in initiating procedures and training staff to carry out newly enacted or amended laws. State requests cover a wide variety of subjects—wage and hour regulation, workmen's compensation, wage garnishment and debt-pooling, protection of agricultural workers, fair employment practices, age discrimination, strengthening of State labor departments, and safeguarding the employment of youth, to name a few.

Nonetheless, State labor standards today are only about 50 percent as complete as they should be.

Wage garnishment laws designed to protect debtors against excessive expropriation of necessary earnings in most States fail to do so adequately. Only in a few States is the use of garnishment strictly limited; it is prohibited outright in one State. Nineteen States neither regulate nor prohibit debt pooling; many States which do need stronger laws.

Three States have no laws on wage payment and 27 none on wage collection.

Practically all State child labor laws need improvement.

Four States lack laws regulating private employment agencies, most States need strengthening amendments.

Most agricultural workers are employed in States whose labor laws do not cover them or only offer a tiny fraction of needed protection.

Additionally few State labor agencies are presently equipped to administer their laws effectively. Turnover among commissioners was 50 percent in the triennium, 1961-63, staffs in most cases are small, poorly paid, and lack training or adequate administrative tools, operating manuals, and guides to assure effective labor law administration and enforcement.

As measured by the Labor Standards Index, nearly 40 percent (22.7 million) of the Nation's 60 million wage earners in 1965 worked in 26 States with least adequate labor laws.

Significantly, the work force in most of these States has been growing much faster in the last quarter century than the national growth rate. Except for California, the States with the highest labor standards have not generally shown such growth.

Services Provided.—Requests for Bureau service as a result of the legislative resurgence, 1965-66, increased appreciably, many of which could not be filled because of limited staff. Illustrative of services rendered were:

Requests from States without prior administrative experience in administering new laws: *Delaware*, minimum wage, wage payment and wage collection; *Indiana*, State housing provisions for migrant workers, minimum wage; *Maryland*, minimum wage.

Technical assistance on a wide variety of workmen's compensation laws, amendments, and administrative problems: to State agencies in *Arizona*, *Illinois*, *Kentucky*, *North Dakota*, *New Jersey*, *New Mexico*, *Puerto Rico*, *Rhode Island*, *Tennessee*, and *Wisconsin*; to union, management, and other groups in many States.

Continuing studies to assist States in the difficult administrative problems of compensating victims of radiation disease, the U.S. Department of Labor and the Atomic Energy Commission published three studies: (1) Federal-State Cooperation in Improvement of Workmen's Compensation Legislation; (2) The Incidence, Nature, and Adjudication of Workmen's Compensation Claims Involving Radiation Exposure and Delayed Injury; and (3) Ionizing Radiation Recordkeeping.

In addition, Volume 1 of the Bureau study, "Workmen's Compensation: the Administrative Organization and Cost of Administration," was completed. Volume 2 dealing with the processing of uncontested and contested cases was drafted and circulated for review.

Bureau activities to extend protective labor standards to seasonally employed agricultural workers included assistance to farm worker organizations seeking minimum wage protection and the right to collective bargaining; preparation of legislative documents for citizen groups seeking various labor laws for farm workers; initiation in cooperation with BES of a safety training program for young agricultural workers (agriculture suffers the third highest accident death rate in the country) and issuance of kits of safety materials.

Other Bureau programs designed to safeguard young workers included an investigation of hazards to minors employed in highway and street construction and a study of youth hazards involved in wood splitting. A number of bulletins, reports and articles concerning work safety for youth were published: a study of injuries occurring to working minors during an 18-month period as reported to the Bureau by 28 States; a safety promotional kit; a pocket safety promotional aid; two youth safety pamphlets; a guide to safe transportation of young workers; a series of one-page-releases on timely safety topics; and a safety bulletin addressed to school-shop students and enrollees in work-experience programs (developed jointly with U.S. Office of Education).

A first draft was prepared of a new pamphlet intended to convey to young workers their role and stake in the management-supervisory process. A program to develop advisory labor standards to be applied in school-work programs was begun.

Fiscal 1967 Accomplishments

Fiscal 1967 will witness sharp increases in legislative activity with the legislature of 47 States and Puerto Rico meeting in regular session (only 25 met in 1966). It is estimated in the first year of the next biennium that 5,000 to 6,000 labor bills will be introduced and some 600 to 750 will become law. In addition, to the current year, at least 15 new labor commissioners will be appointed.

In anticipation, Bureau Staff have already responded to requests for technical on-the-spot service in 18 States in preparing draft language, conducting training courses, and promoting seminars designed to improve State labor law in various fields.

Regional conferences with State labor commissioners to exchange information and workshops to assist States in streamlining their administration and enforcement procedures especially for new laws, are also being encouraged. The Government of Guam was provided on-the-spot technical assistance in establishing a labor department and drafting needed legislation.

Cooperation will continue with AEC to improve State workmen's compensation laws related to radiation injuries; workshops will also be conducted to improve administration of workmen's compensation laws in a number of States.

An interim general hazardous-occupations order in agriculture; and identification of major hazardous areas in newly-covered non-agricultural fields (hospitals, laundries and dry-cleaning establishments, etc.) will be completed in 1967.

Fiscal 1968 Plans

Labor standards are not static. They are influenced by continuously changing conditions. They change as a result of improved technology and a growing recognition by both workers and employers of the importance of good working conditions. Many standards activities have no clearly defined beginning or terminal point, and are developed through many channels—employers, unions, and governmental agencies. Awareness of a problem is followed by requests for suggested courses of action. These in turn lead to legislative drafts or amendments. Their adoption into law then bring requests for assistance in working out administrative techniques. As experience is gained gaps or need for improvement appear and the cycle repeats itself.

With 50 States, their varying problems and stages of development or emphasis, the Bureau's role of advising and providing technical and analytical consultation and legislative digesting services is continually shaped by social, economic, and political forces arising both at Federal and State levels.

Within the context of the Bureau's continuing programs and current State needs and requests, plans for fiscal 1968 include the following:

1. Continue current level of day-to-day technical services to the 50 States, their labor departments, labor, management, and citizen groups.

2. Maintain clearinghouse of information on State labor legislation—proposals, enactments, summaries and digests of new and amended laws.

3. Issue reports and bulletins on selected standards subject areas—workmen's compensation, migratory labor, minimum wages, etc.

4. Conduct/sponsor conferences and workshops with State labor commissioners on selected problem areas such as minimum and prevailing (public works) wage laws and administrative practices, regulation of private employment agencies.

5. Review and revise existing hazardous-occupations orders for minors and examine areas where new orders should be considered in light of changing education and employment patterns for youth.

6. Develop recommended standards for improved supervisory practices in the employment of young workers with particular attention to the needs in the large youth-employing industries or services.

7. Explore the impact of excessive or unfair credit and wage garnishment laws or practices upon the living and working standards and conditions of low income, under-employed or unemployed groups of workers.

8. Seek new approaches to the handling of legislative or administrative problems of mutual and sometimes overlapping State and Federal interests or jurisdiction through greater consultation, pre-planning, cooperative arrangements, use of State facilities, interstate reciprocity agreements, and multi-State devices as illustrated by the Appalachian compact.

9. Continue development of a "Labor Standards Index," a guide to basic standards, and other measures to record and assess State progress and gaps in providing adequate services and safeguards to all working groups.

Changes for 1968

Mandatory changes amount.....	\$13, 700
Program changes amount (6 positions).....	80, 000

1966 amendments to the Fair Labor Standards Act

Recent enactment of the Fair Labor Standards Amendments of 1966 requires the Bureau to—

Determine which farm occupations are too hazardous for the employment of children below age 16;

Determine which occupations in the newly-covered non-agricultural areas are too hazardous for the employment of children 16 and 17;

Expand the employment certification program to assure that employers do not unknowingly hire minors under 16 in agriculture and minors 14-17 in the newly-covered non-agricultural industries;

Determine, under Child Labor Regulation No. 3, suitable occupations, hours, and conditions of employment for 14- and 15-year-olds in the newly-covered nonagricultural areas.

The most recent available data (compiled by the Department of Agriculture) shows that in 1961 some 782,000 young workers under 15 worked as paid employees on farms. Of this number, nearly half (364,000) were between 10 and 13 years of age. These are the ages covered by the new amendment providing for hazardous-occupations orders in agriculture.

Larger numbers of youth are employed in the newly-covered nonagricultural areas. Almost a million young people aged 14 through 17 were employed during 1965, either full-time or part-time, in restaurants; hotels and motels; laundry and dry-cleaning establishments; hospitals, nursing homes, and other establishments providing health services; educational institutions; the transit industry; and the recreation and amusement industry, including bowling alleys. About 20 percent of these were under 16.

Comprehensive national data on work injuries to minors under 16 in agriculture do not exist. However, a 2½-year study conducted by the Bureau in 7 States showed 784 farmwork injuries to boys and girls under 16. Many of these were serious: 11 resulted in death, 11 involved amputations, 101 were fractures, and 6 were major crushing injuries. These data do not, of course, reflect the total of all injuries occurring nationwide to agricultural workers under 16. They do, however, provide some insight into the seriousness and extensiveness of such injuries. Among the major industries, agriculture's death rate from accidental injury is third highest in the Nation; only construction and the extractive industries, such as mining and quarrying, have higher rates. The hard facts are that 3,000 persons of all ages were killed in 1965 while doing farmwork and 260,000 persons received disabling injuries.

Identification of those farm activities which are too hazardous for minors calls for analysis and evaluation of data on farm practices, including the interaction of machinery, equipment, chemicals, animals, terrain, and weather. To carry on an effective and practical program, the Bureau must collect and analyze considerably more information than is now available in this specialized area.

The Bureau also made a 28-State study of work injuries to minors under 18 during an 18-month period. While this is not a comprehensive study, it showed that 4,235 injuries occurred to boys and girls under 18 employed in the newly-covered industries. More than half of these (2,248) occurred in restaurants; nearly 600 in hospitals, nursing homes, and other medical services; and nearly 500 in the amusement and recreation industries.

The following 8-point program has been developed to discharge the Bureau's four new functions:

1. Obtain data on the total employment of young people under 16 in agriculture, their occupations, specific work activities, and crop specialization, kinds of farm equipment and machines generally used, and injuries sustained.

2. Issue a temporary industry-wide hazardous-occupations order in agriculture which will provide protection for a substantial number of persons under 16 years of age. Such an order would specify those machines, vehicles, chemicals, and farmwork operations which experts believe to be too hazardous for young workers under 16.

3. Conduct investigations in two of the major areas covered by the temporary agricultural hazardous-occupations order to determine whether the temporary prohibitions should be retained and made permanent or modified.

4. Obtain data on the total employment of young workers under 18 in the newly-covered nonagricultural areas, their occupations and specific work activities, equipment used, and injuries sustained.

5. Conduct studies of specific operations which may be particularly hazardous for the employment of persons 16 and 17 years of age in the newly-covered nonagricultural areas; e.g., nurse's aide and other occupations in hospitals which involve contact with patients; use of power-driven machinery in laundries, dry-cleaning, and dyeing establishments; and employment in occupations involving the use of chemical compounds, caustics, toxic and flammable materials, and dyes in dry-cleaning and dyeing establishments; and occupations which may be detrimental to health and well-being of minors under 18 such as those of waitresses in hotels, motels, and restaurants, carhops for curb service and drive-in restaurants, maids in hotels and motels, and bellhops in hotels and motels.

6. Revise Regulation No. 1, which sets forth the standards for acceptance of State employment and age certificates as proof of age for employment subject to the Fair Labor Standards Act, to adapt the issuance of employment certificates to the requirements of the recent amendments.

7. Arrange with the States to make adequate employment certificates available in agriculture and in the newly-covered nonagricultural industries. This requires a review and analysis of State employment certificate provisions to determine their adequacy in light of the new amendments and negotiations with States to expand and strengthen their certificate programs.

8. Revise Child Labor Regulation No. 3 to apply to the newly-covered industries. This regulation governs the employment of 14- and 15-year-olds in establishments subjects to the act. This requires an analysis of the nature of work, duties, and conditions of employment in occupations or operations in the new areas to identify suitable and unsuitable conditions of employment. Inspection of a representative sample of establishments to observe duties and conditions under which young persons work will be required. A sampling of at least 5 to 10 establishments will be examined in each of the following fields: hotels and motels; hospitals and nursing homes; cotton gins; laundry and dry-cleaning establishments; urban transit companies; public and private elementary, secondary, and advanced schools; and recreation and amusement industries (including bowling alleys). Staff will also consult with officials of labor and education agencies in every State, along with a selection of officials of national trade associations, unions, and other interested persons on the suitability of the occupations tentatively intended to be permitted or prohibited, evaluate the information and opinions gathered, and prepare a report of findings and recommendations. A proposed amendment to the Regulation will be developed with the Office of the Solicitor, and necessary arrangements will be made for a public hearing. Staff will participate in public hearing, evaluate testimony and prepare final amendment for submission to the Secretary for issuance.

Six employees (4 professional and 2 clerical) are requested to carry out the foregoing activities.

Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Reports prepared and services given to States ..	2,523	1,969	2,200	2,200
Draft laws prepared.....	58	73	90	90

ACTIVITY 2. REDUCING INDUSTRIAL ACCIDENTS

1967	\$2,423,000
Positions	183
1968	\$3,149,200
Positions	244

NARRATIVE DESCRIPTION OF PROGRAM

The Bureau carries out safety promotional and inspectional activities in the maritime industries; provides consultative services to Federal agencies and serves as secretariat to the Federal Safety Council; provides engineering, consulting, and training services for personnel of State governments, private industry, municipal, public and labor organizations; conducts research directed toward establishing safety codes and standards; and obtains compliance with minimum safety standards which are applicable to contractors engaged in performing services or furnishing goods to the Government.

Fiscal 1966 accomplishments

Reducing Federal work injuries and costs

Mission SAFETY-70 was initiated on February 16, 1965, by the President, at which time he stated "further improvement in the safety record of individual agencies as well as the Federal Government as a whole must be attained." He called for a 30-percent reduction in work injuries and their costs by 1970. (The chart on page LSB-21 shows the progress made in the short time the program has been in operation, including the following tangible results:)

1. An over-all improvement of 5.2 percent in the Federal injury frequency rate occurred in 1965 and a total improvement of 7.6 percent has been recorded toward the President's 30-percent goal.
2. The present rate of 7.3 disabling injuries per million manhours worked is the lowest injury rate ever achieved by the Federal Government.
3. The number of disabling injuries was reduced by 1,226.
4. Estimated savings of at least \$4-5 million have been achieved.
5. Agencies have responded to the challenge by initiating new safety programs and strengthening existing ones.

6. Participation by agencies in activities of field Federal Safety Councils has increased.

7. The Federal Executive Boards and the Civil Service Commission have strengthened the personnel areas of safety programming and support. Inter-agency coordination of activities has been strengthened.

8. Employee organizations have taken a greater interest and have been accorded more participation through joint safety committees.

Public Contracts Act

During 1966, there were 1,591 initial inspections of Public Contracts Act employers, of which 1,495 firms were in violation of the safety and health standards. A total of 8,693 specific violations were noted at the inspections. Subsequent to initial inspections, 462 follow-up inspections were made to ascertain whether firms held in violation had complied.

In the six States with which the Department has agreement for the States (California, Connecticut, Massachusetts, Rhode Island, New York, and New Jersey), 1,461 initial inspections were made and 695 firms were reported not in compliance. The six States made a total of 772 follow-up investigations.

The Federal Bureau of Mines inspected 176 mines, subject to the Public Contracts Act, under an agreement with the Department.

As a result of enforcing the safety and health regulations, more than one million employees of Public Contracts Act suppliers were provided improved conditions of safety and health.

Twenty-six hearings actions were conducted to enforce compliance. As a result, five firms became ineligible to receive Federal supply contracts for a period of three years.

Research and training

The Bureau gave 25,606 trainee hours of safety training to State employees, labor unions, and industrial groups; and 41,750 trainee hours were given to Federal employees.

523 technical services covering a wide range of problems were provided to States, unions, individuals, Federal agencies, and industry.

A total of 23 new safety texts, bulletins and data sheets were published, most of which were put on sale by the Superintendent of Documents and given national publicity.

A series of 22 complete instruction outlines were developed and made available in safety education.

A comprehensive State safety law library and index was developed and has been called upon by Members of Congress, States, industry, and unions.

State safety code comparisons were continually updated and provided to the States.

Fiscal 1967 Accomplishments

Reducing Federal Work Injuries and Costs

The Department's role in Mission SAFETY-70 is to provide the central cohesive force for the implementation of specific programming measures, designed to facilitate individual agency actions in meeting their goals. Actions in both 1967 and 1968 will be directed toward:

1. Preparing data and program materials for agency management to use in promoting increased and strengthened agency safety program direction.

2. Guiding field Federal Safety Councils and representatives on promotional and educational projects, technical problems and safety program initiation and conduct.

3. Conducting seminars and training sessions stimulating off-the-job safety where maximum results are obtainable.

4. Providing a limited clearinghouse of safety information on technical Federal safety problems.

5. Evaluating selected agency safety programs as requested and need is justified.

6. Conducting safety instruction for key supervisors of problem agencies and areas of the country.

7. Continuing discussions and evaluations of methods for improving Federal accident-reporting and accident-cost systems.

Meeting Mission SAFETY-70 goals will save 200 lives, 45,000 injuries, and \$250 million. It will establish a strong safety program base throughout Government for continuing long-range savings.

Reassigned Safety Activities

By direction of the Secretary of Labor, all safety responsibilities of the Department of Labor were assigned to the Bureau of Labor Standards effective September 1, 1966. This involved a reassignment of the Walsh-Healey Public Contracts Act responsibilities and responsibility for the administration of the safety requirements of the newly-enacted Service Contracts Act, the Arts and Humanities Act, and the amended Vocational Rehabilitation Act.

The combined coverage of these laws, together with the Bureau's existing responsibilities, means that up to 27 million workers, depending upon the magnitude of the Federal Government's contractual commitments, are within the scope of the Department's safety authority.

Total resources for the administration of the reassigned and new programs amount to 23 positions (19 professional) as reflected in the transfer of \$399,000 from the budget of the Wage and Hour and Public Contracts Divisions. These resources must be evaluated in light of the present great volume of contracts let by Federal agencies, especially for military-related items.

Estimates suggest that as many as 180,000 Public Contracts Act contracts were awarded in fiscal 1966 and that figure may exceed 250,000 in fiscal 1967. Contracts let by the Department of Defense are estimated to exceed 200,000 and reflect a rise of about 25 percent over the past year. Altogether, some 25,000,000 workers and 50,000 work locations are estimated to be involved in making goods used by the Government during the course of the coming year.

Preliminary estimates suggest that the number of Service Contracts Act contracts may total 50,000 annually and apply to 2,000,000 workers and 25,000 operator locations.

The Bureau has taken the following steps to improve the Contract Safety Program:

1. Developed a draft of safety and health regulations for the Vocational Rehabilitation Act which is currently under review by the Department of Health, Education, and Welfare.

2. Developed a draft of safety and health regulations under the Arts and Humanities Act which is now being reviewed and commented upon.

3. Developed first draft of safety and health regulations for the Service Contracts Act which has been given wide national distribution for informal comment.

4. Has under development new proposed safety and health regulations for the Public Contracts Act.

5. Conducted a series of information exchange meetings with interested groups from the private sector on the Bureau's safety programs.

6. Is developing a new method of receiving notice of contracts from the Defense Department which will enable the Department of Labor to meet the tremendously increasing volume of contracts.

Research and Training

In 1967, the Bureau conducted 26,900 trainee hours of safety training for State government employees, labor unions, and industrial groups. Federal agencies are receiving an estimated 44,000 trainee hours of safety education.

Approximately 500 requests for technical advice and assistance will be handled.

16 new safety bulletins and technical data sheets will be published and made available for sale through the Superintendent of Documents.

A series of Instructor Outlines (6) covering the construction industry have been drafted and distributed for comment.

A manual of instruction "Civil Defense and Emergency Planning for Safety Engineers" was developed for the Office of Civil Defense.

The Bureau will participate in the work of 54 national safety standards committees and boards.

Fiscal 1968 Plans

Continued technical assistance will be devoted to the Mission SAFETY-70 project.

Safety and health standards under the various statutory authorities will be developed.

Twelve technical bulletins will be revised, updated, and put on sale.

Training and education will continue at the 1967 level.

Bureau staff will continue participation on working committees of national standards-setting bodies.

Changes for 1968

Mandatory changes amount-----	\$50, 200
Program changes amount, (61 positions)-----	676, 000

Maritime Safety

The combination of Southeast Asian commitments, high level of general economic and industrial expansion and Supreme Court Calbeck decision has generated an ever-expanding amount of maritime work subject to Federal jurisdiction. Industry has experienced a marked increase in employment, and the need to utilize inexperienced green employees. Accidents have risen and there exists an explosive potential for serious deterioration in the level of employee safety achieved to date. This budget proposal is designed to restore a balance to the Bureau's efforts to perform the functions the Congress vested in the Secretary of Labor when the safety law was enacted in 1958.

The extent to which the expanded jurisdiction due to the Calbeck decision and forces generated by Viet Nam and the extended period of domestic economic growth have impacted upon the Bureau's program can be seen by the following:

Shipyard injuries are up 13.2 percent; longshore, up 5.3 percent, compared with the first nine months of 1965.

Fatalities are up 18 percent. More workers lost their lives in 1966 than in any previous year since the law was enacted.

Manhours of employment under the Act are up 10.4 percent in longshoring and 23.1 percent in shipbuilding.

In San Francisco, longshore hours are up 21.7 percent; in shipbuilding, up 128.3 percent.

In the North Atlantic region, shipyard activity has increased 25 percent; in the Gulf, 14 percent; on the West Coast, 82 percent.

Early in 1966, 109 vessels were loading for Viet Nam; at the end of 1966, there were 270, with 30 more being readied for the reserve fleet.

In May 1965, 325 vessels were being built; by the end of 1966, 500 major vessels, with Defense placing orders adding 60 more.

As of December 1966, nearly 400,000 military personnel were in Viet Nam—double that of a year ago. The U. S. Army Transportation Corps estimates that for every thousand men put in the field, one large (C-3 class) freighter is required to supply them, and the resupply requirements require one large freighter per month for every 10,000 men. Translated, this means more ships broken out of mothballs and readied, more reliance upon existing vessels, more utilization of foreign flag ships to service normal (non-military) cargo requirements, more ship-repair activities, more shipyard workers, more stevedoring at virtually every domestic port, and more safety problems for the Bureau's surveillance.

Expansion of maritime operations has substantially increased the number of worksites which must be inspected both in shipbuilding and stevedoring. This is especially significant in shipbuilding, where each vessel under conversion, repair, or construction constitutes a separate "workplace." As new yards have opened or reopened, and as existing shipyards have expanded their capacities, these new or additional worksites must be inspected, and preferably at frequent intervals, because of the tempo and use of inexperienced labor. To a lesser degree, the same situation prevails in maritime ports where additional pier facilities have been put in use along with day and night utilization of existing piers and wharves to minimize port congestion and vacillate the flow of cargoes and vessels.

The cumulative impact of these developments has seriously attenuated the Bureau's resources. The staffing criteria previously used as a measurement of minimum adequacy (i.e., one maritime safety inspector for every 3 million man-hours of exposure) has been eroded since the ratio is now 60 to 70 percent higher.

Moreover, the resort to round-the-clock, seven-days-a-week schedule, the activation of new shipyards and port facilities, and the greater utilization of heretofore relatively little-used ports (such as Stockton, California) has made it impossible for the limited field force to inspect and service shipyards and stevedore operations adequately. The distances over which the safety inspector is deployed extends hundreds of miles, and the staff must be responsive to emergency calls or complaints. There is no longer enough of them to meet the days and distances involved. (See charts on pages 28-31.) In 1962, employers reported 139 million manhours under the program. Preliminary estimates indicate that the total was 235 million, or almost double, at the end of 1966.

Accordingly, this budget estimate is to redress the imbalance and assure a minimum level of inspectional and other safety services. It is also responsive to the instructions of the House Appropriations Committee in its Report a year ago. In specific terms, 45 safety professionals and 16 supporting clerical positions in a total of 20 existing maritime field offices and Washington is requested to supplement the current staff of 113.

The deployment of new staff thus becoming available will enable the Bureau to restore, in reasonable measure, the quality and level of service established in prior years. It will assure that inspection programs will extend to all workers necessary protection, irrespective of the size of the worksite. Approximately 13,000 additional inspections will be made annually.

It will permit the Bureau to continue to provide safety training courses to workers and supervisory personnel, so essential to the maintenance and continuation of plant-wide accident-prevention plans. Approximately 16,000 additional trainee hours will be provided.

It will provide important top-level management consultative services to a larger number of employers where the need is greatest and where the potential for improvement, or the likelihood of deterioration in safety programming warrants consultative technical services. It is estimated that an increase from 9,000 to 12,000 consultative services will be made.

On balance, it will also mean that more legal enforcement actions are likely to occur. Although to some degree the enforcement output in safety compliance is an inverse factor of the effectiveness of inspections, training, and consultative service, nonetheless it is logical to expect that a larger volume of inspectors will result in a greater number of enforcement actions, particularly during a time cycle typified by production schedule pressures, rush cargoes, attempted "short-cuts" to get a job done, as well as the chance-taking of supervisory staffs or workers charged with meeting deadlines.

Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Maritime:				
Number of inspections.....	20,788	21,000	22,000	35,000
Corrective actions.....	2,905	2,945	3,000	4,000
Trainee hours.....	21,118	21,293	24,000	40,000
Number of technical services given States, etc.	170	196	195	195
Trainee hours.....	28,350	25,606	29,400	29,400
Number of services to Federal agencies.....	174	327	370	370
Trainee hours.....	37,950	41,750	45,000	45,000
Inspections under contracts acts.....		1,577	3,400	3,400
Violations.....		1,480	3,000	3,000
Number of safety standards and materials produced.....	2,019	1,916	2,000	2,000

ACTIVITY 3. PROMOTING EMPLOYMENT OF THE HANDICAPPED

1967.....	\$459,800
Positions.....	31
1968.....	\$462,300
Positions.....	31

NAERATIVE DESCRIPTION OF PROGRAM

Services are provided for the President's Committee on Employment of the Handicapped, which develops and stimulates interest in employment of the mentally and physically handicapped through work with Federal agencies, State Governors' Committees, and Committee member organizations and cooperates with a variety of organizations working in the international field.

Fiscal 1966 Accomplishments

During 1966 the Committee, in close cooperation with Governors' Committees, Federal departments and agencies, and volunteer member and member organizations, has undertaken the task of maximizing opportunities for the handicapped for increased mobility through an Ad Hoc Committee on Transportation. It has continued and increased its efforts to eliminate architectural barriers both at the State level in cooperation with the National Society for Crippled Children

affiliates and at the Federal level through close cooperation and coordination with the Vocational Rehabilitation Administration's new statutory citizens group on architectural barriers; through closer liaison with Commerce, Health, Education, and Welfare; Labor; Office of Economic Opportunity, and other agencies in the manpower field has persistently and patiently emphasized the need for including the handicapped in all programs designed to raise the level of skills of people; through a greatly expanded radio-television-motion picture-pamphlet-business paper output, the Committee continued to emphasize the philosophy that **IT'S GOOD BUSINESS TO HIRE THE HANDICAPPED**, with the full cooperation and support of the National Association of Broadcasters and the Advertising Council, the networks, magazines, newspapers, etc.; and, through Project Earning Power, supported by Labor, Health, Education, and Welfare grants, has endeavored to dramatically force a breakthrough in the workshop field by increasing the quality and desirability of products produced by the handicapped.

Fiscal 1967 Accomplishments

Fiscal year 1967 will see an intensification of the above activities aimed at meeting the needs of the handicapped all eventually supporters of greatly increased revenues through income tax payments of the handicapped at work and decreased expenditures through release of larger numbers from welfare and family support caused by idleness and nonproductivity. Several special projects keyed to the specifics of the about problems are under way. The most dramatic of these was the November 15, 1966, meeting with all major national health agencies in an endeavor to ascertain their involvement in jobs for their clients with the ultimate aim of assisting them to make the same dramatic impact on the work horizon as the National Association for Retarded Children has done with Committee guidance and assistance.

Changes for 1968

Mandatory changes amount.....	\$4,300
Program changes amount (0 positions).....	—1,800

Elimination of funds for new positions equipped in 1967 is requested.

The need for the work of The President's Committee remains unchanged—increasing job opportunities for the qualified handicapped workers.

The objectives include improving public attitudes toward the physically handicapped, the mentally retarded and restored so that employers will more readily hire them and fellow workers more readily accept them as workers—ready, willing and able to carry out their part in the world of work.

The scope is both national and international in terms of general attacks upon ignorance, bias and misunderstanding of the handicapped as workers. The scope is local and State- or area-wide as related to specific projects of the Committee and its various standing committees in the fields of labor, education, public employment, private employment, women, veterans, contests, awards, agriculture and other long-term education, information and promotion activities.

The problems, in addition to the always-present human tendency to fear or shun those different from one's self, include the urgency to see that the new fast transportation programs include opportunity for the handicapped to use such facilities: the equal urgency that the building boom does not result in a great increase of facilities to which the severely disabled are denied access through stairs, narrow doorways, etc.; the necessity to provide the stepped-up services to State and local committees *now* so that their impact on these and other current local, State, and Federal programs and projects will be such that the handicapped are included in all such training, retraining, education, and work opportunities being opened up, the obvious responsibility to speedily improve worker and employer attitudes toward the disabled at an accelerated rate so that the handicapped are not only employed, but employer at their highest potential with opportunity for advancement, including the severely handicapped who can now benefit from the stepped-up opportunity available for the first time in workshops.

The changes in emphasis will include a greater concentration on the severe disability groups; a maximum visitation program aimed at increasing both the quantity and quality of local volunteer citizens' groups providing close support of vocational rehabilitation and employment service activities; and a breakthrough in enlisting the major trade associations in special and specific job projects for the handicapped.

Fiscal 1968 Plans

The present level of funds will be used in 1968 to step up previous informational, educational, and promotional activities primarily among employer and worker and educational groups with "rifle-type" approaches such as the involvement of trade associations as co-workers and partners, while continuing to use the essential "shot-gun" approach to the general public. A new development will be our involvement promotionally in the education and agriculture environments.

Anticipated Federal programs aimed at higher employment and decreasing inflation should be substantially bolstered, indirectly, by Committee efforts to increase quality and quantity of local committees through opening of more jobs, lowering welfare costs, and increasing public acceptance of the handicapped.

A promotional campaign will be undertaken for the first time directed at the handicapped and stressing *their* responsibility, etc. This will be coordinated with a campaign to better inform the handicapped of already available opportunities. It will also be coordinated with a survey to determinate the underemployment of the handicapped and the enlistment of the Advertising Council in a campaign for the severely disabled.

The major gap in our efforts to promote the increased utilization of handicapped persons in the economy as workers is and will continue to be the appropriation ceiling under which the Committee operates and the consequent inability of the Committee to keep pace with the greatly expanded Federal-State programs of aid to and training of the handicapped, including the most severely handicapped. This is compounded by the response of many States to our efforts to provide full-time staffs for Governors' Committees under executive order or legislative enactment and the subsequent need for more Committee staff services, as well as the success in persuading more and more States to enact legislation and create public interest in all necessary efforts aimed at eliminating artificial architectural barriers to the handicapped at work, worship, play, or education.

With a younger population injecting more and more workers in the work force each year, both in numbers and percentages, with an older population staying in the work force longer and longer for a variety of reasons, with medical science saving more and more lives and keeping people alive who can and should work, the Committee is caught in a bind from which it cannot extricate itself without more resources if its voice in behalf of the handicapped is to be totally effective in increasing opportunities and thereby backstopping the expanded activities of all manpower agencies. This is further complicated by the fact that this is the oldest President's Committee (20 years in August 1967) and that many of the newer programs for disadvantaged groups are appealing for public attention with greater promotional and staff resources than we possess. The fact that we have been able to claim the public attention we have, is both a tribute to the product we "sell," the qualified handicapped worker, and the persistent and dogged determination of many volunteers who have been with us year after year, not to mention the ingenuity, tact, and dedication of the very small staff which continues to provide the necessary catalytic action in the public and private sectors.

Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Reports prepared and services given to the States.....	899	902	1,060	1,100

ACTIVITY 4. ADMINISTRATION AND MANAGEMENT SERVICES

1967.....	\$281,900
Positions.....	25
1968.....	\$282,500
Positions.....	25

NARRATIVE DESCRIPTION OF PROGRAM

Over-all program planning and policy development are provided, as well as administrative services for the Bureau.

Changes for 1968

Mandatory changes amount----- \$600
 Program changes----- None

Workload statistics

None.

Distribution of field staff

	1967			1968		
	Profes- sional	Clerical	Total	Profes- sional	Clerical	Total
New York, N.Y.	13	5	18	14	5	19
Boston, Mass.	1	1	2	3	2	5
Providence, R.I.	1		1	1		1
Baltimore, Md.	7	4	11	9	5	14
Philadelphia, Pa.	4	1	5	5	1	6
Norfolk, Va.	2	1	3	4	2	6
Atlanta, Ga.	7	4	11	7	4	11
Savannah, Ga.	1	1	2	2	1	3
Jacksonville, Fla.	2	1	3	4	2	6
Fort Lauderdale, Fla.	1	1	2	2	1	3
Mobile, Ala.	2	1	3	5	2	7
Chicago, Ill.	7	4	11	9	5	14
Cleveland, Ohio	2	1	3	3	2	5
Detroit, Mich.	1	1	2	1	1	2
Kansas City, Mo.	5	3	8	5	3	8
St. Louis, Mo.	1	1	2	3	1	4
Dallas, Tex.	5	3	8	5	3	8
Galveston, Tex.	2	1	3	4	2	6
Houston, Tex.	3	1	4	4	2	6
New Orleans, La.	4	2	6	10	3	13
San Francisco, Calif.	9	6	15	14	7	21
Honolulu, Hawaii	1	1	2	2	1	3
Long Beach, Calif.	2	1	3	4	2	6
Portland, Oreg.	2	1	3	4	2	6
Seattle, Wash.	3	1	4	5	2	7
Total, field staff	88	47	135	129	61	190

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$3,383,100

The estimate provides \$3,394,900 for 356 full-time jobs, or 339 manyears; \$20,000 for nightwork differential for employees who are to be assigned to round-the-clock maritime operations; and \$3,000 for cost-of-living differential for employees stationed in Hawaii. This includes mandatory increases of \$37,200 to restore pay costs partially absorbed in 1967, \$11,700 for net additional cost of within-grade promotions effective for part year in 1967, and \$25,900 for net cost of within-grade promotions becoming effective in 1968, offset by a reduction of \$9,400 for non-recurring extra day of pay for current year staff, for a total mandatory increase of \$65,400. Also includes a decrease of \$34,800 to meet the limitation on average compensation established by the Bureau of the Budget. Program increases include 61 positions at \$478,400 for requested expansion of maritime safety activities and 6 positions at \$45,200 for requested increase to provide protection for young workers under the 1966 amendments to the Fair Labor Standards Act.

Personnel benefits, \$247,500

This estimate is based upon cost of personnel compensation. The net increase of \$41,300 provides \$34,400 for expanded maritime safety activities; \$3,500 for protection of young workers under the 1966 amendments to the Fair Labor Standards Act; \$2,700 for within-grade promotions; \$2,800 to restore pay costs absorbed in 1967; offset by a reduction of \$800 for non-recurring extra day of pay for current year staff and \$1,300 to reduce the level of contributions to the

Federal Employees' Compensation Fund. This estimate provides the following benefits:

	1967	1968	Change
Contributions to the civil service retirement fund.....	\$183,700	\$220,700	+\$37,000
Employees' group life insurance.....	6,200	8,000	+1,800
Employees' health benefits.....	12,500	16,300	+3,800
Federal employees' compensation fund.....	3,800	2,500	-1,300
Total.....	206,200	247,500	+41,300

Travel and transportation of persons, \$327,400

Based on past experience requiring employees to travel by the most economical method, the estimate includes funds necessary for staff to inspect maritime operations, conduct safety training, give technical services to the States, and promote job opportunities for the handicapped.

	1967	1968	Change
Number of travelers.....	178	225	+47
Number of days traveled.....	8,700	10,900	+2,200
Estimated cost.....	\$261,400	\$327,400	+\$66,000

Transportation of things, \$19,000

The estimate provides for interstation transfers of employees and bulk shipment of posters, training materials, etc.

	1967	1968	Change
Interstation transfers at \$1,500.....	\$9,000	\$12,000	+\$3,000
Bulk shipments.....	7,000	7,000	-----
Total.....	16,000	19,000	+3,000

Rent, communications, and utilities, \$154,600

The estimate provides for postage, all telephone service, and rental of space for additional staff requested.

	1967	1968	Change
Working capital fund.....	\$40,000	\$49,200	+\$9,200
Telephone service.....	27,800	31,500	+3,700
Federal telephone system.....	16,500	22,100	+5,600
Penalty mail.....	26,500	28,500	+2,000
Rental of space.....	-----	23,300	+23,300
Total.....	110,800	154,600	+43,800

Printing and reproduction, \$215,200

The estimate provides for printing of regulations, pamphlets, and forms and for all duplicating work:

	1967	1968	Change
Working capital fund.....	\$54,000	\$66,700	+\$12,700
Government Printing Office.....	126,900	148,500	+21,600
Total.....	180,900	215,200	+34,300

250 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Other services, \$207,900

The estimate provides for collection of accident data, workmen's compensation study on radiation hazards in cooperation with AEC, for central services provided by the Department, and for miscellaneous repairs and services. Includes an increase of \$34,800 to offset the decrease in object 11 resulting from the limitation on average compensation.

	1967	1968	Change
Working capital fund	\$68,900	\$83,700	+\$14,800
Workmen's compensation study	30,000	30,000	-----
Accident data (BLS)	29,600	29,600	-----
Miscellaneous services and repairs	24,100	29,800	+5,700
Offset decrease in object 11	-----	34,800	+34,800
Total	152,600	207,900	+55,300

Supplies and materials, \$58,100

The estimate provides necessary desk-top supplies and Commerce Clearing House digests of labor laws :

	1967	1968	Change
Commerce clearing house subscriptions	\$3,000	\$3,000	-----
Working capital fund	28,100	34,800	+\$6,700
Other supplies	14,300	20,300	+6,000
Total	45,400	58,100	+12,700

Equipment, \$32,200

The estimate provides for promotional film strips for use by the President's Committee for the Handicapped ; safety literature and equipment ; replacement of typewriters which are no longer economically repairable ; and equipment for new positions.

	1967	1968	Change
Filmstrips	\$2,000	\$2,000	-----
Replacing equipment	4,700	4,700	-----
Books and subscriptions	5,000	5,000	-----
Safety equipment	6,200	6,200	-----
Equipping new positions	1,800	14,300	+\$12,500
Total	19,700	32,200	+12,500

¹ Includes:

67 desks and chairs, at \$84	\$5,628
18 typewriters, at \$363	6,534
41 cameras, at \$40	1,640
Miscellaneous items	498
Total	14,300

Summary of new positions

	Number	Grade	Amount
Activity 1. Departmental—Fair Labor Standards Act:			
Safety engineer.....	1	13	\$12,873
Research specialist.....	1	12	10,927
Safety engineer.....	1	11	9,221
Research assistant.....	1	9	7,696
Stenographer.....	2	4	9,552
Total.....	6		50,269
Activity 2. Departmental—Maritime:			
Safety engineer.....	2	12	21,854
Safety engineer/technical specialist.....	2	11	18,442
Stenographer.....	2	4	9,552
Total.....	6		49,848
Field offices—Maritime:			
Safety engineer.....	4	13	51,492
Safety officer.....	37	11	341,177
Secretary.....	14	4	66,864
Total.....	55		459,533
Grand total.....	67		559,650

PREPARED STATEMENT

Senator HILL. All right, Mr. Bortz.

Mr. BORTZ. Thank you, Mr. Chairman.

I know that you are familiar with the work of the Bureau of Labor Standards and I have a prepared statement which I will present.

Senator HILL. We will have that appear in full in the record.

(The statement follows:)

Mr. Chairman and Members of the Committee, I am glad to discuss the program of the Bureau of Labor Standards. The 1968 estimate is for \$4,645,000. This included \$462,300 for the President's Committee for the Handicapped, which Mr. Russell will discuss separately.

The Bureau is requesting increased funds to—

1. Administer P.L. 85-742 for the safety of workers in maritime employments whose numbers and activity have expanded substantially (\$676,000).

2. Formulate safe and suitable standards of employment for young workers brought within the enlarged coverage of the Fair Labor Standards Act as a result of the 1966 Amendments (\$80,000).

Each of these program increases is intrinsically identified with the existing work of the Bureau. This work may be summarized as follows:

1. Inspection, consultation, promotion, training, enforcement and administration of safety provisions for—

Longshoremen and shipyard employees;

Workers employed by contractors providing goods and services for the Federal government or under certain Federal grant programs;

Minors under 18;

Federal employees.

2. Technical assistance, consultation, studies and training for State and Federal labor agencies covering such subjects as:

Wages and Hours;

Occupational Safety;

Workmen's Compensation;

Child Labor;

Private Employment Agencies;

Wage Garnishment;

Labor Law Administration.

I. PROGRAM INCREASES

Expanded Maritime Responsibilities

This request for additional funds, in the amount of \$676,000 is to support the maritime safety responsibilities of the Bureau of Labor Standards. It is based upon increased Federal maritime responsibilities resulting from the Supreme Court Calbeck decision in 1962 and the substantial increase in longshore and shipbuilding activities due to Viet Nam particularly over the past 24 months.

It is also responsive to observations and, in a sense, directives of both the House and Senate Appropriations Committees in their review and action upon the Bureau's 1967 budget request.

Each Congressional committee expressed concern in their reports over the mounting evidence of accidents and accident potential in maritime employments. Each also called upon the Department of Labor (in the words of the House Report) to "develop positive plans for affirmative action. . . ."

During the past two years, and 1966 in particular the pace of stepped up demands upon the maritime industries for more vessels and resulting cargo movements to bridge the supply lines to Southeast Asia has escalated the problem which was first described to the Committee several years earlier. In short—

Since 1962—

A 69 percent increase in workload has occurred with maritime employment rising from about 139,000,000 to over 235,000,000 man-hours under Federal jurisdiction.

Shipyard injuries are up 57.8 percent in same period.

Fatalities are up 42 percent.

In the past 12 months—

In 5 maritime districts, longshore hours are up over 20 percent; similar increases have occurred in 9 shipyard districts.

In the North Atlantic Region, shipyard activity has increased 25 percent; in the Gulf 14 percent; on the West Coast 82 percent in past year alone.

"Worksites" to be inspected both in shipbuilding and stevedoring have multiplied in numbers. This is especially significant in shipbuilding where each vessel under conversion, repair, or construction constitutes a separate "workplace" to be inspected and incidents to be investigated. As yards have been reopened, and as existing shipyards have expanded their capacities, these new and additional worksites must be inspected; preferably at frequent intervals because of the tempo of work and the use of inexperienced labor. A similar situation prevails in longshoring where additional pier facilities have been put in use along with day and night utilization of existing piers and wharves to minimize port congestion and facilitate the flow of cargoes and vessels utilizing large numbers of unskilled labor.

Capsulized, the body of evidence clearly indicates that in both longshore and shipyard activities the combination of increased coverage, Southeast Asian commitments, and the high level of general economic and industrial expansion has generated a steadily increasing amount of maritime work. This has required on the part of industry marked increases in employment and the utilization of inexperienced, green employees, thereby increasing the number of accidents and the explosive potential for a serious deterioration in the level of employee safety so far achieved—and intended by the Congress in the passage of P.L. 85-742.

The cumulative impact of these developments has attenuated the Bureau's resources. The staffing criteria previously used as a measurement of minimum adequacy (i.e., one maritime safety specialist for every 3 million man-hours of activity) has been seriously diluted. Moreover, the resort to round-the-clock, 7-day-week schedules, the activation of new shipyards and port facilities, and the greater utilization of heretofore relatively-little-used ports (e.g., Stockton, California) has made it impossible for the bureau's limited field force to inspect and service all shipyards and stevedore operations. The distances over which existing staff is deployed extend hundreds of miles, and the staff must be responsive to emergency calls or complaints. There simply are no longer enough of them to meet the days and distances involved.

In summary, to restore a reasonably balanced program to maintain a field staff of safety officers where the workload is heaviest, and to keep down deaths and injuries additional funds are requested. Their authorization will provide for approximately 13,000 inspections, some 16,000 trainee hours of safety instructions for maritime employees and 9,000 to 12,000 accident prevention consultative services to employers.

Safeguarding Youth Under FLSA

Enactment of the Fair Labor Standards Act amendments of 1966 has given further scope to the Bureau's program for development and issuance of standards for the employment and safety of young workers. To meet these added demands \$80,000 is requested.

In brief, it is necessary to—

Determine which occupations in agriculture are too hazardous for the employment of children below age 16;

Determine which occupations in the newly-covered nonagricultural areas are too hazardous for the employment of children 16 and 17;

Expand the employment certification program to provide protection to employers of minors under 16 in agriculture and minors 14-17 in the newly-covered nonagricultural industries;

Determine, under Child-Labor Regulation No. 3, suitable occupations for 14- and 15-year-olds in the newly-covered nonagricultural areas.

Some idea of the magnitude of the expanded coverage of the Fair Labor Standards Act as regards the Nation's youth can be gleaned from estimates which indicate that around 750,000 boys and girls under 16 work as paid farm hands. Almost another 1,000,000 between the ages of 14 and 17 typically get full or part-time jobs in restaurants, hotels, motels, laundries, hospitals, schools, recreation and amusement centers.

For each of these new areas of Federal coverage the Bureau must identify the types of job hazards encountered, determine suitable working conditions as to hours, night work, environment, school and nonschool work periods, and arrange with State school and labor department agencies for the issuance of proof-of-age work permits.

To carry out its assignments the Bureau proposes an 8-point program to get the essential facts and statistics, investigate typical farm and service operations employing youth, determine hazardous occupations, develop new standards, revise or expand other standards and regulations, make specific studies, and prepare for and participate in public hearings and develop cooperative programs with State labor and education authorities.

Of all these functions probably the most challenging is a determination of the types of farm activities that are too hazardous for farm youth under 16 as required by Section 13(c)(2) of the amended Fair Labor Standards Act. The wide range of factors which must be considered include, among others, the interaction of machinery, chemicals, animals, terrain, and weather coupled with the known resourcesfulness of farm youth but also the natural tendencies of youth generally to discount dangers and act impetuously. To ascertain the hazards, develop reasonable safeguards, and administer a practical program will require additional personnel specialized in farm safety problems. Staff resources for appraising the work situations and suitable conditions of employment in the broad range of newly-covered non-agricultural industries will make up the remainder of the four additional professional positions requested.

II. ON-GOING PROGRAMS

Reassigned Safety Activities

By direction of the Secretary of Labor, all safety responsibilities of the Department of Labor were assigned to the Bureau of Labor Standards effective September 1, 1966. This involved a reassignment of the Walsh-Healey Public Contract Act responsibilities and responsibility for the administration of the safety requirements of the newly-enacted Service Contracts Act, the Arts and Humanities Act, and the amended Vocational Rehabilitation Act.

The combined coverage of these laws, added to the Bureau's existing responsibilities means that up to 27 million workers, depending upon the magnitude of the Federal Governments' contractual commitments, are within the scope of the Department's safety authority.

Total resources for the administration of the reassigned and new programs amount to 23 positions (19 professional) as reflected in the transfer of \$399,000 from the budget of the Wage-Hour and Public Contracts Divisions to the Bureau of Labor Standards.

These resources provided at an earlier time for a smaller activity must be evaluated in light of the present volume of contracts let by the Federal agencies, especially for military-related items.

Estimates suggest that as many as 180,000 PCA contracts were awarded in fiscal 1966 and that figure may exceed 250,000 in fiscal 1967. Contracts let by

the Department of Defense are estimated to exceed 200,000 and reflect a rise of about 25 percent over the past year. Altogether, some 20,000,000 workers and 50,000 work locations are estimated to be involved in making goods used by the government during the course of the coming year.

The number of Service Contracts may total 50,000 annually and apply to 2,000,-000 workers and 25,000 operator-locations.

Measured against the magnitude of the government's contractual programs existing resources for administering safety requirements are meager. To a limited degree, and particularly with respect to the Walsh-Healey program, the Department's efforts have been supplemented by inspectional services rendered by six States. These cooperative arrangements will be reviewed during the next year. States with the resource competency will be encouraged to assist and it is hoped that following the establishment of suitable criteria additional States may participate since concern for occupational safety is shared by both State and Federal authorities.

Mission SAFETY-70 Progress

A new all-time low was recorded in the injury frequency rate for Federal employees in 1965.

The rate of 7.3 disabling injuries per million hours worked was a 5.2 percent improvement over the preceding year and 7.6 percent under the base year for measuring progress toward the President's Mission SAFETY-70 goal of a 30 percent reduction by 1970.

Some 1,226 fewer Federal workers were injured in 1965 than in 1964. Estimated savings amounted to at least \$4 to \$5 million.

There is no question that Mission SAFETY-70 has rekindled efforts among agency managers to improve their accident prevention programs. Employee interest has also been stimulated and government unions have added their emphasis.

Much remains to be done. The record of many agencies can be improved. Efforts at the field installation level must be increased. More effective accident reporting and investigating systems need to be set up. Better standards and guidelines are needed. Training programs for supervisors and key employees should be expanded. To the extent feasible off-the-job safety programs should complement the agency's job-oriented accident prevention activities. The government's losses in manpower, material and money from accidents remain too large.

Bureau staff will continue to service the Federal Safety Council and its nearly 100 field chapters. Leadership, guidance, training and technical materials will be provided within available resources. The basic job—and responsibility—rests, however, with each agency which is accountable for the adequacy of its accident prevention efforts.

Working with the States

When Secretary of Labor Frances Perkins, a former State labor commissioner, proposed to this committee in 1934 the creation of a bureau whose main objective would be to help the States help themselves she spoke with foreknowledge as well as foresight. The depression years, followed by years of war and then bursts of technology and population propelled the Federal Government into not only a role of leadership but also of widespread operational undertakings.

As the Committee well knows much of the pioneering labor legislation evolved at the State level in such States as Massachusetts, New York, Wisconsin and California. These and other States still provide occasional examples of experimentation and initiative. But the pattern is limited and spotty. Many, if not most States—again for a complex variety of reasons or circumstances—have not matched their constitutional mandates with supporting actions. This does not necessarily mean they cannot, or will not, given the encouragement and assistance that our present economic-socio-political environment can provide.

Recently, a combination of circumstances not the least of which is the President's concept of "creative Federalism" has tended to provide the basis for a renaissance of State activity. The extent to which this resurgence actually materializes depends upon many factors. One the the supporting ingredients is the work the Bureau of Labor Standards is able to provide. Within the whole fabric of Federal-State relations the Bureau's role has been quite modest but affirmative.

Signs of encouraging developments are appearing. During the two-year period, 1965-1966 legislative activity by the States in the field of labor legislation in-

creased in tempo as reflected by the introduction into their legislatures of 9,200 bills and the enactment of over 1,000 labor laws, the largest volume in a quarter century. This record reflects an increasing concern by the States to assume a more positive role to improve working conditions of wage earners. As the next biennium begins 47 States and Puerto Rico will meet in regular sessions and further State activity is anticipated. The Bureau's role, as in past years, is to provide the States with summaries, analyses, and digests of labor laws, suggested draft language for the enactment or amendment of laws, and technical assistance in the problems of administering and enforcing laws.

In an effort to (1) evaluate the extent to which existing State labor laws reflect recognized standards and (2) measure trends in State legislation the Bureau this past year has been exploring the feasibility of a "Labor Standards Index (LSI)." The preliminary findings indicate that for a group of 10 subject areas, the national average stands at 51, or roughly halfway approaching the level that might be characterized as consistent with recognized standards.

The gaps and weaknesses in labor laws vary markedly among the States. With relatively few exceptions the need for stronger laws is evident particularly in the areas of workmen's compensation, minimum wages, occupational safety and health, and in the very limited protection afforded hired farm workers. Additionally, State labor agencies need strengthening to assure effective and uniform administration and enforcement of their programs. In most cases, their staffs are limited, underpaid, and need technical training.

To provide assistance to the States, the Bureau makes available a wide variety of resource materials, including inspection manuals and reporting forms and procedures; and, in cooperation with the States conducts training courses for inspectors and workshops for key administrative personnel. Illustrative of these services were those to Delaware, Indiana, and Maryland to provide practical assistance in their administration of newly enacted laws for which the States had no prior experience. Other States, such as Illinois, Kentucky, New Jersey, New Mexico, Rhode Island, Wisconsin, Tennessee, Arizona, and North Dakota, were furnished technical assistance in workmen's compensation administration—a service which was extended also to union, management, civic and other groups in many States.

Fiscal 1967 will witness sharp increases in legislative activity and in the demand by the States for assistance to improve their labor programs. The Bureau staff have already responded to requests for on-the-spot service in 18 States interested in seeking improvements in one or more of their labor statutes. Regional conferences of State labor commissioners to exchange information and to discuss operating problems of common concern will be encouraged. The Government of Guam has been provided with on-the-spot technical assistance in establishing a labor department and drafting needed labor legislation. Draft language and resource materials have been prepared in the fields of wage garnishment and debt pooling. Cooperation will continue with the Atomic Energy Commission to improve the standards in workmen's compensation laws related to radiation injuries; and workshops will also be conducted to improve administration of workmen's compensation laws in a number of States.

With 50 States and their varying problems, outlook, and emphasis, the Bureau's role in providing technical and analytical materials and legislative services is continually shaped by social, economic, and political factors arising both at the State and Federal levels. Flexibility in programming is necessary. As in the past, however, the Bureau will compile basic data, develop suitable guidelines and standards, issue digests and reports, and respond to specific requests as they arise. It is a challenging if not always encouraging assignment.

INCREASE OVER 1967 APPROPRIATION

Mr. BORTZ. I would just like to make a few brief comments if I may, sir.

Our requested budget amounts to \$4,645,000, which is an increase of \$1,256,000 over our present budget. Now, about one-third of that amount, Mr. Chairman, results from a transfer of certain safety functions from the Wage and Hour and Public Contracts Division by the Secretary to the Bureau of Labor Standards, specifically \$399,000, so that what we have in terms of a net program increase are two items,

the largest of which is to improve and strengthen our maritime safety program in the amount of \$676,000 and then a smaller item of \$80,000 which relates to added duties and responsibilities arising out of amendments to the Fair Labor Standards Act.

MARITIME SAFETY PROGRAM

With respect to maritime safety, all that I can say, Mr. Chairman, is this: That there has been a very significant increase in workload, basically more ships, more trips, more cargoes, and more repairs to vessels and on the other side of this equation is increased workload, more injuries, more fatalities. Our fatalities are higher than any year in the program, more injuries, and of course the use of green and inexperienced labor which has contributed to this.

Last year your committee, as you will recall, observed the need for more safety work in connection with our maritime program and you urged or admonished us to take prompt action and come back with a proposal and we have, sir; this proposal then in front of you for this increase to strengthen in about 20 of our maritime offices around the country, additional safety engineers and inspectors for the program.

DEVELOPMENT OF STANDARDS FOR YOUTH

The other item of increase is \$80,000 and this, as I indicated a moment ago, relates to certain functions which our Bureau performs in the field of developing standards which would be applied to the youth who are covered under the Fair Labor Standards Act.

HAZARDOUS OCCUPATION ORDER COVERING AGRICULTURAL JOBS

Very briefly there are four functions which our Bureau performs, Mr. Chairman. First of all and this is an entirely new assignment arising out of an amendment to the law last year wherein the Secretary of Labor was instructed to develop a hazardous occupation order covering youth under 16 in agriculture; in other words, what jobs in the area of farmwork were at the peak and during the course of the year there are about 750,000 youth employed on farms—what jobs are too hazardous for them.

That is what we are now exploring. We hope to develop an interim order and then with the funds requested here to make the studies in terms of what over the long run are the areas, the activities which are too hazardous in this area.

Senator HILL. In other words, you state that around 750,000 boys and girls under 16 work as paid farmhands?

Mr. BORTZ. That is true. That is what the latest statistics show.

Senator HILL. That presents a problem to you?

Mr. BORTZ. It certainly does and as you heard earlier this morning there are changes in technology. There is use of more mechanized equipment in many farming operations and it is this sort of problem that we need to study.

DETERMINATION OF HAZARDOUS INDUSTRIES AND OCCUPATIONS

With reference to the added coverage under the law that Mr. Lundquist referred to we have here also the need, and again by re-

quirement of the Fair Labor Standards Act, to determine in what industries and in what occupations it is too hazardous to employ youth under 18, in this instance.

So we have these responsibilities as well to work out with the States a continuation of a program in which the States cooperate with the Department in issuing employment or work permits to youth so that the employer is protected knowing that the youth that he employs is of a legal employable age.

These are the two items, Mr. Chairman, for which, as I say, we are asking funds over and above that which is in our present budget.

DUTIES IMPOSED BY NEW LEGISLATION

Senator HILL. And those are additional duties imposed upon you?

Mr. BORTZ. Those are additional duties and in each instance they stem from congressional laws which we must administer.

Senator HILL. We want to thank you very much, sir, for your statement. We appreciate it.

Mr. BORTZ. Thank you, sir.

WOMEN'S BUREAU

STATEMENT OF MARY DUBLIN KEYSERLING, DIRECTOR

APPROPRIATION ESTIMATE

WOMEN'S BUREAU, SALARIES AND EXPENSES

For expenses necessary for the work of the Women's Bureau, as authorized by the Act of June 5, 1920 (29 U.S.C. 11-16), including purchase of reports and material for informational exhibits, **[\$888,000] \$912,000.**

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$888,000	\$912,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504, effective July 3, 1966).....	23,000	-----
Comparative transfer to the Office of the Secretary for centralized audit and systems functions.....	-3,000	-----
Appropriation or estimate, revised.....	908,000	912,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Advancement of women's employment opportunities and status.....	74	\$867,150	74	\$870,600	-----	+\$3,450
2. Interdepartmental Committee and Citizens' Advisory Council on the Status of Women.....	2	40,850	2	41,400	-----	+550
Total obligations.....	76	908,000	76	912,000	-----	+4,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	76	76	-----
Average number of all employees.....	72	72	-----
11 Personnel compensation.....	\$689,150	\$692,850	+\$3,700
12 Personnel benefits.....	52,000	52,300	+300
21 Travel and transportation of persons.....	40,450	40,450	-----
22 Transportation of things.....	2,050	2,050	-----
23 Rent, communications, and utilities.....	28,575	28,575	-----
24 Printing and reproduction.....	57,400	57,400	-----
25 Other services.....	23,070	23,070	-----
Services of other agencies.....	1,330	1,330	-----
26 Supplies and materials.....	12,875	12,875	-----
31 Equipment.....	1,100	1,100	-----
Total obligations.....	908,000	912,000	+4,000
Working capital fund items included above.....	(58,920)	(58,920)	-----

Summary of changes

1967 enacted appropriation-----	\$888, 000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)-----	23, 000
Comparative transfer to Office of the Secretary for centralized audit and systems functions ¹ -----	-3, 000
1967 appropriation, revised-----	908, 000
1968 estimate-----	912, 000
Total change-----	+4, 000

MANDATORY ITEMS

Increases:

Net additional cost of within-grade promotions effective for part year in 1967----- +3, 950

Net cost of within-grade promotions becoming effective in 1968----- +2, 750

Decreases: Nonrecurring extra day of pay for current year staff----- -2, 700

Subtotal, mandatory items----- +4, 000

Total change----- +4, 000

¹ This comparative transfer involves no positions.

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Total	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Net additional cost of within-grade promotions effective for part year in 1967-----		\$3, 725		\$225		\$3, 950
Net within-grade promotion costs initially effective in 1968-----		2, 325		425		2, 750
Decrease for nonrecurring extra day of pay for current year staff-----		-2, 600		-100		-2, 700
Total-----		3, 450		550		4, 000

Explanation of mandatory changes for 1968

Within-grade promotion costs:

1968 net additional cost of within-grade promotions effective for part year in 1967-----	+\$7,950
Personnel compensation -----	7,661
Deduct lapse-----	-261
Personnel benefits-----	550
Net cost -----	6,750
Absorption of a portion of above increases-----	-4,000
1967 adjusted net additional cost of within-grade promotions effective for part year in 1967-----	3,950
Net cost of within-grade promotions becoming effective during 1968 -----	+6,750
Personnel compensation-----	6,546
Deduct lapse-----	-246
Personnel benefits-----	450
Net cost-----	6,750
Absorption of a portion of above increases-----	-4,000
1968 adjusted net cost of within-grade promotions becoming effective during 1968-----	2,750
Decreases: Nonrecurring extra day of pay for current year staff-----	-2,700
Total, mandatory items-----	+4,000

Distribution of field staff

Regional offices	1967			1968		
	Profes- sional	Clerical	Total	Profes- sional	Clerical	Total
Atlanta, Ga-----	1	1	2	1	1	2
Boston, Mass-----	1	1	2	1	1	2
Chicago, Ill-----	1	1	2	1	1	2
Dallas, Tex-----	1	1	2	1	1	2
San Francisco, Calif-----	1	1	2	1	1	2
Total, field staff-----	5	5	10	5	5	10

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$692,850

This estimate provides for 76 full-time positions or 72 man-years. Of this, 62 man-years and \$593,850 are allocated for departmental and 10 man-years and \$99,000 for field compensation. A net increase of \$3,700 is requested to provide \$6,400 for within-grade promotion costs, less one day of pay for current year staff in the amount of \$2,700.

Personnel benefits, \$52,300

This estimate is based upon total personnel compensation and provides for the Bureau's contribution to Employees' Group Life Insurance, Retirement Fund, Employees' Health Benefits Fund and the Employer's contribution under the Federal Insurance Contributions Act as follows:

Employees' Group Life Insurance-----	\$4,000
Civil Service Retirement-----	43,500
Employees' Health Benefits-----	4,300
Federal Insurance Contributions Act Taxes-----	500
Total -----	52,300

This represents an increase of \$300. It provides \$300 for within-grade promotion costs.

Travel and transportation of persons, \$40,450

There is no change in the estimate for 1968. The budget provides for per diem and transportation costs of 16 Women's Bureau staff members including 5 regional directors; \$6,900 for the cost of meeting travel of 20 members of the Citizens' Advisory Council on the Status of Women, and one staff member of the Secretariat. The estimate provides for:

	1967	1968	Change
Number of staff travelers.....	17	17	-----
Number of CAC travelers.....	20	20	-----
Number of days traveled.....	925	925	-----
Estimated cost.....	\$40,450	\$40,450	-----

Transportation of things, \$2,050

This estimate provides for the cost of expressage and shipment of exhibits and publications to conferences, meetings, and field staff. No change is requested for 1968. The budget is as follows:

1967	\$2,050
1968	2,050

Change

Rent, communications, and utilities, \$28,575

This estimate is based on past experience. This estimate represents no change in 1968. The budget provides for the following:

	1967	1968	Change
Paid official mail.....	\$6,600	\$6,600	-----
Telephone service.....	8,075	8,075	-----
Teletype service.....	500	500	-----
Rental of equipment.....	800	800	-----
Working capital fund.....	12,600	12,600	-----
Total.....	28,575	28,575	-----

Printing and reproduction, \$57,400

There is no change in the estimate for 1968. The budget provides for the following:

	1967	1968	Change
Publications.....	\$36,900	\$36,900	-----
Forms and job printing.....	1,600	1,600	-----
Working capital fund.....	18,900	18,900	-----
Total.....	57,400	57,400	-----

Other services, \$24,400

This estimate represents no change in 1968. The budget provides for the following:

	1967	1968	Change
Security investigations.....	\$415	\$415	-----
Repairs to office machinery, equipment, and other miscellaneous services.....	6,550	6,550	-----
Working capital fund.....	16,520	16,520	-----
Services of other agencies.....	915	915	-----
Total.....	24,400	24,400	-----

Supplies and materials, \$12,875

This estimate represents no change in 1968. The budget provides for the following:

	1967	1968	Change
Subscriptions.....	\$200	\$200	-----
Office supplies and materials.....	1, 775	1, 775	-----
Working capital fund.....	10, 900	10, 900	-----
Total.....	12, 875	12, 875	-----

Equipment, \$1,100

This estimate provides for the replacement of office machines and equipment which are beyond economical repair and/or not available from surplus stock. This estimate represents no change in 1968. The budget is as follows:

1967	\$1, 100
1968	1, 100
Change.....	-----

INCREASE OVER 1967 APPROPRIATION

Senator HILL. Mrs. Keyserling, we are glad to have you here with us.

Mrs. KEYSERLING. Thank you, Mr. Chairman.

I appreciate very much the opportunity to present our budget statement.

The Women's Bureau is requesting for fiscal year 1968 a total of \$912,000. This represents a net increase of \$4,000 over the revised 1967 appropriation. The changes include an increase of \$6,700 for part of the cost of within-grade promotions less 1 extra day of pay of \$2,700.

The estimate includes \$870,600 for the regular programs and services of the Women's Bureau and \$41,400 for the Secretariat and other essential costs of the Interdepartmental Committee on the Status of Women and the Citizens Advisory Council on the Status of Women.

PREPARED STATEMENT

I have summarized in a narrative statement which we have submitted for the record the outline of the work of the Bureau, its major program objectives during the coming fiscal year.

We have referred to the new developments that are of particular concern. I would be glad to mention a few of the highlights or to answer any questions that you may have.

Senator HILL. We can have the statement appear in full in the record and you give us a few of the highlights.

(The statement follows:)

Mr. Chairman and members of the committee, the request for the Women's Bureau for fiscal year 1968 is \$912,000, a net increase of \$4,000 over the revised 1967 appropriation. The changes include an increase of \$6,700 for part of the cost of within-grade promotions, less one extra day of pay of \$2,700. The estimate includes \$870,600 for the regular programs and services of the Women's Bureau and \$41,400 for the secretariat and other essential costs of the Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council on the Status of Women.

NATIONAL NEEDS

The Women's Bureau since its establishment 47 years ago has had as its basic concern promoting the welfare of wage earning women. Today, in response to the manpower needs of the Nation and the national goal of the fullest possible utilization of our human resources, a major focus of the Bureau's program is on the serious problem of the underutilization of American womanpower. Imaginative, forward looking efforts are urgently needed to encourage the development and use of women's skills and enlarge their contribution to the economy.

Although the close to 29 million women workers in the United States today constitute 37 percent of the work force and 48 percent of all women 18-64 years of age, they continue to be concentrated largely in low-skilled, lower-paying jobs. Their proportionate representation in professional and managerial positions has decreased over the past 25 years while their proportion in clerical and service occupations has increased; the gap between men's and women's earnings has widened; a third of the women working year-round and full-time earned less than \$3,000 in 1964, as compared with 11 percent of men in year-round full-time jobs. These evidences of underutilization are in part a reflection of women's disadvantaged position in educational attainment. Proportionately only three-fifths as many women as men 25 years of age and over are college graduates. Moreover, women earned only 32 percent of the master's degrees conferred in 1964—down from 40 percent in 1930—and only 11 percent of the doctor's degrees in 1964—down from 15 percent in 1930.

Fuller utilization and more extensive training and education of our womanpower are required in the interest of both sound, sustained economic growth and social equity.

As I noted in my statement last year, the opportunities for the Women's Bureau to promote the welfare of wage earning women have increased greatly over the past three years. The establishment of commissions on the status of women in 49 States, two municipalities, the Virgin Islands and the District of Columbia has provided new channels through which those concerned with the advancement of women can work. The inclusion in Title VII of the Civil Rights Act of a prohibition against employment discrimination on the basis of sex has made the equal treatment of women in employment national policy and given urgency to the need for new or improved labor standards legislation for both men and women in many States. The much higher level of public visibility of problems relating to women's economic status occasioned by these developments and by the growing awareness of the existing waste of womanpower resources has led to a rapid acceleration of the need and demand for the services of the Women's Bureau.

WOMEN'S BUREAU PROGRAMS STIMULATE ACTION TO MEET NEED

In recent years the Women's Bureau has substantially redirected its program to focus on emerging priority goals and to utilize outreach techniques which engage the participation of ever widening circles of organizations and individuals. These approaches have greatly enhanced the Bureau's influence and impact and have at the same time contributed to the increasing demands upon the Bureau.

The outreach techniques employed by the Bureau to maximize its educational, promotional and information functions include stimulation of the establishment of the 53 commissions on the status of women now in being and providing them, upon request, with technical and advisory services and background information. In many instances the work that these commissions have done, and are doing, to promote needed legislation and recommend and stimulate action programs at the State and local level is the result of the creative cooperation between the State group and the Women's Bureau. Commenting on this cooperative relationship the Wisconsin Governor's Commission on the Status of Women said in a recent report that "Without the Women's Bureau's expert guidance, research materials, inspiration and unfailing assistance in all aspects of our Commission's concerns, the Wisconsin Commission could never have begun to accept or fulfill its charge."

Another technique which permits the Bureau to serve as a catalyst for far-reaching action is the stimulation of unified efforts by voluntary organizations in areas of mutual concern. Illustrative of this approach is the Bureau's role in the establishment of the National Committee on Household Employment which represents 21 national organizations and which is now actively developing training, placement and other constructive pilot and demonstration projects to help upgrade and dignify this most disadvantaged occupation. The Committee had its origin in two consultations called by the Women's Bureau and the Bureau co-

operates closely with all its activities. Through this approach a dynamic nationwide program concerned with reconstituting private household employment is now in existence.

We have also found that pilot conferences sponsored or co-sponsored by the Bureau can have a multiplier effect in stimulating programs at the State and local level. An example is the two pilot conferences on new approaches to the vocational counseling and guidance of girls sponsored by the Bureau with the cooperation of the Office of Education. These very carefully planned and structured conferences which were followed by descriptive reports highlighting important findings have led, as intended, to numerous similar State conferences and the inclusion of this subject on the agenda of several important national organizations. To date close to 39,000 copies of these conference reports have been distributed and the Bureau is continually invited to participate in State and local conferences patterned on the pilot projects.

As part of its outreach program the Bureau co-sponsors conferences with State commissions on the status of women, women's organizations, educational institutions and other concerned groups on a wide variety of carefully selected subjects including new opportunities for Negro women, employment problems of mature women and legal status of women.

Another significant outreach aspect of the Bureau's program is its work with other Federal agencies and departments in areas where the shared goal is of concern to women. As an example, the Bureau co-sponsored with the Children's Bureau of the Department of Health, Education and Welfare a survey of day care arrangements of working mothers and plans are in progress with the Children's Bureau for a State or regional pilot conference on all aspects of child care services needed by mothers and children.

ACCOMPLISHMENTS

The significant highlights of accomplishments achieved through these dynamic outreach programs are presented in some detail in our narrative statement. Of special importance is the notable acceleration of State legislative programs in all fields of concern to women particularly in the field of employment standards.

From 1961 through 1964, only one State enacted a minimum wage law for the first time. In 1965, four States enacted new laws establishing a statutory minimum wage, all covering men as well as women; and two States with minimum wage programs for women extended coverage to men. In 1966, two more States enacted statutory minimum wage laws for the first time, applicable to both men and women, and two other States extended coverage to men. Also in the past three years, nine States have amended their minimum wage laws to increase the statutory minimum rate, and there has been much activity with respect to the improvement of State minimum wage orders.

From 1961 through 1964, only two States enacted an equal pay law for the first time. In 1965, three States did so and one State improved its statute. In 1966, four States enacted equal pay laws for the first time.

Up to 1964, only two States had enacted laws prohibiting general discrimination in employment on the basis of sex or amended existing Fair Employment Practice laws to include sex. Since then, eight States and the District of Columbia have taken such action.

In calendar year 1966 State legislatures approved 125 laws or amendments of special interest to women in the areas of family and property law and four States improved their jury services laws with respect to women.

Summarizing our accomplishments in statistical form, the Women's Bureau, in fiscal year 1966 co-sponsored 10 major conferences and actively participated in 675 conferences and meetings. Bureau staff provided a total of 13,685 technical and advisory services with well over half of these provided by the five regional offices. Fifteen printed and 157 processed publications were prepared for public use; and in response to specific requests, 353,500 publications were distributed to the public excluding sales by the Government Printing Office.

In the first half of fiscal year 1967, the Bureau co-sponsored seven major conferences and actively participated in 204 conferences, conventions and meetings. A total of 6,900 technical and advisory services were provided by Bureau staff. Ten printed and 70 processed publications were prepared for public use. In response to specific requests, 130,260 publications were distributed to the public.

PROGRAM PRIORITIES FOR FISCAL YEAR 1968

Fuller utilization of womanpower resources

The Bureau will continue to stimulate and encourage, through the provision of technical assistance, advisory services, conference participation and informational materials, the development of programs to encourage more realistic vocational counseling and guidance for girls and mature women on the part of parents, educators, employers, the mass media, and the general public; to expand training and retraining and educational opportunities adapted to the needs of girls and women at all skill levels; to stimulate business and industry to make fuller use of the training and talents of women; to provide information on the requirements of new and developing occupations; and to expand child care and other community services which are especially needed by women who must combine homemaking and paid employment.

Improvement of the economic status of women workers

The Bureau will promote through well established Women's Bureau channels the fair labor standards needed especially by the millions of women in low-wage industries including adequate State minimum wage legislation for men and women, State equal pay legislation, and legislation to prohibit discrimination in employment based on sex. We will continue to encourage programs to raise the economic status of an entire relatively disadvantaged industry or occupation such as private household employment.

Provide a clearinghouse and central source of information

The Bureau will serve as the staff resource for the Citizens' Advisory Council and the Interdepartmental Committee on the Status of Women, and provide information and technical and advisory assistance to State commissions on the status of women, national women's organizations, unions, employers, educational institutions, communications media, and all concerned State and local groups. It will prepare and distribute informational materials relating to such subjects as women's civil and political status, trends in women's employment, educational attainment, occupational outlook, career guidance, and labor legislation of special importance to women; and will serve as a liaison with all agencies of Government to maximize and coordinate efforts and programs concerned with the advancement of women's status.

INTERDEPARTMENTAL COMMITTEE ON THE STATUS OF WOMEN AND CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN

The Women's Bureau will continue to supply information and technical assistance to the Interdepartmental Committee and the Citizens' Advisory Council on the Status of Women. The Committee, on which I serve as Executive Vice-Chairman, reviews and evaluates the recommendations of the President's Commission on the Status of Women in the light of priorities in developing programs and encourages needed research. It serves as a clearing house for information on programs and activities related to the advancement of women. It coordinates information on efforts within the Federal service to provide greater opportunities for women and stimulates cooperation at the Federal, State and local governmental levels and among the Governors' Commissions. The Citizens' Advisory Council advises and assists the Committee, recommending action to accelerate progress. The Council evaluates new developments and suggests and promotes action on the part of private institutions, organizations, and individuals directed toward the improvement of women's status.

The Secretariat for the Committee and the Council is located in the Women's Bureau. It maintains liaison with agencies represented on the Committee and with members of the Council. It secures reports, background information, and other data needed by the Committee and the Council from other Women's Bureau staff and from other governmental agencies; prepares the agenda and makes arrangements for meetings; prepares the initial draft of the annual report of the Committee and the Council as well as the news bulletins and interim reports.

Senator Maurine B. Neuberger is the new chairman of the Citizens' Advisory Council on the Status of Women, having been named by the President on June 28, 1966, to succeed Miss Margaret Hickey who resigned.

Thank you, Mr. Chairman, for this opportunity to discuss the work of, and the budget estimate for 1968 for the Women's Bureau. I shall be glad to answer any questions.

STATE COMMISSIONS

Mrs. KEYSERLING. I would like very much to comment if I might on a question that you raised yesterday of the Secretary. You took note of the fact that the Secretary's statement referred to the possibility of some 53 State commissions on the status of women.

Senator HILL. That is right.

Mrs. KEYSERLING. By the end of the year.

Senator HILL. That is right.

Mrs. KEYSERLING. This was true at the time that the statement was written but I am very glad to be able to tell you that we now have some 54 commissions.

Senator HILL. Fifty-four?

Mrs. KEYSERLING. A commission has been established in every State of the Union. The last one to be appointed joined the family of commissions 1 month ago so that all 50 have participated.

We also have a commission in the District of Columbia and the Virgin Islands and in two municipalities.

The Bureau, as I know you know, works very closely with these commissions, providing technical information and a wide range of services and this has been one of the very rapidly expanding areas of our work in recent years.

I thought you might like me to refer to that particular development.

Senator HILL. I am glad you told us that.

Have you any other comments you would like to make?

INCREASE IN EMPLOYMENT OF WOMEN

Mrs. KEYSERLING. I think I might just emphasize that our work is primarily concerned with promoting the welfare of wage-earning women. We are very much aware of the rapid increase in the employment of women. We now have nearly 29 million women workers in the labor force. Almost half of all women between the ages of 18 and 64 are now in gainful employment. This has been a startling development in recent years. The actual percentage is 48 percent.

EMPLOYMENT CONCENTRATED IN LESS SKILLED POSITIONS

This percentage increases rapidly from year to year. I would say that our primary interest in the Bureau is with the fact that, while there are a great many more women in employment, we find that the skills of women are somewhat more heavily concentrated, relatively speaking, than in earlier years in the low paying, less skilled occupations.

There has been a diminution in the proportion of women in the professions, and a great increase in the proportion of women in the less skilled, relatively lower paid jobs, especially the clerical jobs and the service occupations. On the whole we are impressed by what we think is a somewhat worsening position in terms of less utilization of potentials of women than in earlier years relative to the number of women employed. It is from this finding that much of our efforts now spring.

UNDERUSE OF WOMEN'S SKILLS

In all of our work we are seeking to call attention to the relative underuse of women's skills and the ways in which women can make a more effective contribution through changes in attitudes, through improvement of vocational guidance and training, through improvement of employment policy.

ACCOMPLISHMENTS IN LEGISLATIVE FIELD

The only other point that I would make is to call attention to some of the tremendous accomplishments that can be noted despite this increasing concentration of women in the lower skilled, lesser paid occupations.

We attribute much of the gain that we find so impressive to the work of the State commissions on the status of women. This is particularly true in the legislative field. We have had a great upsurge of interest and support for minimum wage laws for men as well as women as a result of the work of the commissions, and a great increase in the number of equal pay laws in the States.

We now have some 34 States and the District of Columbia that prohibit discrimination in pay for work of equal effort and responsibility. There has also been a great increase in the number of laws, corresponding to title VII of the Federal Civil Rights Act, which prohibit discrimination in employment on the basis of sex, almost all of which have been passed in the last 2 years. One has been added to the list just in the last few months in this legislative session.

I won't add to the summary of accomplishments, of new developments, because I think these are well covered in the statement which you have before you.

INCREASE IN WORK

I can only say that the volume of demands being made on the Women's Bureau is increasing very rapidly. We do our best to keep up with them. We can't expand our staff beyond the limitations of the budget but we can seek to reprogram our efforts to get others to do research for us which we can no longer do and to put our emphasis on leadership, on outreach, on joint cooperation with all of the groups that share our concerns and interests in the field.

Senator HILL. I hope you will encourage more women to go into medicine and the paramedical professions.

Mrs. KEYSERLING. This is an area that is of great concern to us.

Senator HILL. There is a great need there as you know.

WOMEN IN PROFESSIONAL FIELDS

Mrs. KEYSERLING. We are very much aware of it and realize that we still have only 6 percent of the Nation's physicians who are women. Only 3 percent of our lawyers are women.

A very small percentage—1 percent—of our engineers are women. We feel very strongly that there is need for concentrated effort to enlarge the training and employment opportunities for women in the professional fields.

CALIFORNIA CONFERENCE

We just recently concluded a very successful conference in California which we held jointly with the University of California, a full day conference, called to review the whole range of means that we have open to us to stimulate larger training opportunities, larger employment opportunities for women in the professions, and much of our work in the vocational guidance field is geared to this.

We work very closely with the colleges and universities throughout the country seeking to stimulate the expansion of continued educational opportunities for women which is so closely related to the fuller utilization of women in the professions and in the medical and paramedical professions that you mentioned.

Senator HILL. That is good. I want to thank you very much for what you are doing. That is important work.

Mrs. KEYSERLING. We think it is.

Senator HILL. It certainly is.

We thank you very much for your presence here this morning.

BUREAU OF EMPLOYEES' COMPENSATION

STATEMENTS OF THOMAS A. TINSLEY, DIRECTOR; LEROY T. MINOR, ASSISTANT DIRECTOR, ADMINISTRATIVE MANAGEMENT; AND MRS. CHARLOTTE N. BOWERS, BUDGET OFFICER

APPROPRIATION ESTIMATE

BUREAU OF EMPLOYEES' COMPENSATION

EMPLOYEES' COMPENSATION CLAIMS AND EXPENSES

For the payment of compensation and other benefits and expenses (except administrative expenses) authorized by law and accruing during the current or any prior fiscal year, including payments to other Federal agencies for medical and hospital services pursuant to agreement approved by the Bureau of Employees' Compensation; continuation of payment of benefits as provided for under the head "Civilian War Benefits" in the Federal Security Agency Appropriation Act, 1947; the advancement of costs for enforcement of recoveries in third-party cases; the furnishing of medical and hospital services and supplies, treatment, and funeral and burial expenses, including transportation and other expenses incidental to such services, treatment, and burial, for such enrollees of the Civilian Conservation Corps as were certified by the Director of such Corps as receiving hospital services and treatment at Government expense on June 30, 1943, and who are not otherwise entitled thereto as civilian employees of the United States, and the limitations and authority [of] *formerly provided by the Act of September 7, 1916, 48 Stat. 351, as amended* [(5 U.S.C. 796)], shall apply in providing such services, treatment, and expenses in such cases and for payments pursuant to sections 4(c) and 5(f) of the War Claims Act of 1948 (50 U.S.C. App. 2012) ; ~~[\$44,375,000]~~ \$56,061,000, together with such amount as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to March 31 of the year: *Provided*, That, in the adjudication of claims under section 42 of the said Act of 1916, for benefits payable from this appropriation, authority under section 32 of the Act to make rules and regulations shall be construed to include the nature and extent of the proofs and evidence required to establish the right to such benefits without regard to the date of the injury or death for which claim is made.

EXPLANATION OF LANGUAGE CHANGE

The language has been changed as a result of the recodification of the United States Code. Because 5 U.S.C. 796 is no longer in existence, the authority formerly provided by that section is incorporated here.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$44,375,000	\$56,061,000
Reimbursements from other agencies (Public Law 86-767).....	32,625,000	36,460,000
Estimated benefit and pay increase costs supplemental to be transferred from "Unemployment compensation for Federal employees and ex.servicemen".....	12,196,000	-----
Appropriation or estimate, revised.....	89,196,000	92,521,000

Obligations by activity

Description	Appropriation revised, 1967	Estimate, 1968	1968 change
1. Federal civilian employees benefits.....	\$40,165,000	\$40,251,000	+\$86,000
2. Armed Forces reservists benefits.....	13,600,000	12,900,000	-700,000
3. War Claims Act benefits.....	500,000	500,000	-----
4. Other benefits.....	2,806,000	2,410,000	+104,000
Total direct obligations.....	56,571,000	56,061,000	-510,000
1. Federal civilian employee benefits financed by reimbursements from other agencies.....	32,625,000	36,460,000	+3,835,000
Total obligations.....	89,196,000	92,521,000	+3,325,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
42 Insurance claims and indemnities.....	\$89,196,000	\$92,521,000	+\$3,325,000
Deduct: Reimbursements from other agencies.....	32,625,000	36,460,000	+3,835,000
Total direct obligations.....	56,571,000	56,061,000	-510,000

Summary of changes

	Direct appropriation	Authorization by transfer	Estimated available
1967 appropriation or transfer.....	\$44,375,000	\$32,625,000	\$77,000,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" related to pay increases (Public Law 89-504 effective July 3, 1966).....	+723,000	-----	+723,000
Estimated benefit and pay increase costs supplemental to be transferred from "Unemployment compensation for Federal employees and ex-servicemen".....	+11,473,000	-----	+11,473,000
1967 appropriation, revised.....	56,571,000	32,625,000	89,196,000
1968 estimate.....	56,061,000	36,460,000	92,521,000
Total change.....	-510,000	+3,835,000	+3,325,000
Mandatory items			
Federal civilian employee benefits:			
Increase in benefits for this activity are attributed to—			
(a) Increase in disability and death compensation.....	+1,780,000	-----	+1,780,000
(b) Increased medical costs based on experience.....	+420,000	-----	+420,000
(c) Full-year cost of adjustments for increased benefits effective Aug. 1, 1966, and Consumer Price Index adjustments under the FECA amendments effective Oct. 1, 1966 (Public Law 89-488).....	+1,721,000	-----	+1,721,000
Increase to be recovered from Federal agencies for injuries or deaths to their employees occurring after Dec. 1, 1960, as provided by sec. 209 of Public Law 86-767 approved Sept. 13, 1960, amending sec. 35 of the Federal Employees' Compensation Act (5 U.S.C. 785).....	-3,835,000	+3,835,000	-----
Armed Forces reservists benefits.....	-700,000	-----	-700,000
This activity reflects a continuing decrease in benefits for injury or death of members of the Armed Forces, which legislation was repealed by Public Law 881 approved Aug. 1, 1956.			
Other benefits: Full-year cost of adjustments for increased benefits under FECA. Amendments effective Aug. 1, 1966 (Public Law 89-488).....	+104,000	-----	+104,000
Total change.....	-510,000	+3,835,000	+3,325,000

ACTIVITY 1. FEDERAL CIVILIAN EMPLOYEES BENEFITS

1967 -----	\$72,790,000
1968 -----	76,711,000

NARRATIVE DESCRIPTION OF PROGRAM

This Act authorizes payment of benefits to civilian employees of the United States disabled as a result of injuries sustained while in the performance of duty, and to dependents of employees who die as the result of such injuries. Certain of these benefits are payable during the lifetime of the beneficiary, and the principal annual cost is for permanent disability and death compensation for which liability was incurred in prior years. Expenditures from this fund for temporary disability and for medical care are directly influenced by changes in the number of new cases received within the current and preceding year. Other factors influencing the costs are increases in number of civilian employees, increases in wages on which compensation is based, the severity and frequency of injuries, and the increased cost of medical expense.

Public Law 86-767 amended Section 35 of the Act to provide that other Government agencies reimburse the Compensation Fund for costs incurred due to injuries or deaths occurring after December 1, 1960. The Bureau must provide each agency, prior to August 15 each year, with a statement of such costs. Each agency is then required to include in its annual budget, a request for appropriation in an amount equal to such costs. Sums appropriated pursuant to such requests shall, within 30 days after they become available be deposited to the credit of the Compensation Fund.

Public Law 89-488, entitled "Federal Employees' Compensation Act Amendments for 1966" provides comprehensive revisions to certain sections of the Act, thereby affording increased benefits to claimants and their dependents. One of the most significant changes is the provision providing for the adjustment in benefits for cost-of-living increase based on the Consumer Price Index.

A new maximum-minimum benefit has been established based on the General Schedule of the Classification Act of 1949, thus eliminating a fixed dollar amount previously established. The new rate provides for not more than 75 per centum of the monthly pay of the highest rate of basic compensation for a GS-15 and not less than 75 per centum of the lowest rate of basic compensation for a GS-2, unless the employee is paid less than that amount in which case he shall receive compensation equal to his basic salary.

The law also provides for benefits to be paid for dependent children of deceased or disabled employees who become eighteen and desire to continue their education at qualified educational institutions. These benefits may be paid for four years or until age 23, or until they marry. These benefits have not only been extended to children of Federal civilian employees on the compensation rolls but to dependents of the Armed Forces Reservists.

Other amendments which basically effect claimants or beneficiaries receiving compensation are: the payment of scheduled awards, in cases where a permanent disability exists, for the loss or loss of use of a member or function of the body which involves disfigurement. Compensation payable in these cases is in addition to any continuing total or partial disability to which the claimant is entitled; increases in the amounts payable to attendants of totally disabled employees; lump-sum payments equal to 24 months compensation to widows and dependent widowers upon remarriage; and by increasing the ceiling in payments to employees paid under the Federal Civil Works Administration and certain other employees.

In amending the Act Section 35(d) states that "As used in subsection (a) of this section, the term 'administrative expenses' does not include expenses for legal services rendered by or on behalf of the Secretary under sections 26 and 27." It has therefore been determined that payment may be made from the Compensation Fund for the salaries and expenses of six employees at an estimated annual cost of \$55,000, in the Office of the Solicitor in the Department of Labor, who develop and process all Third-Party cases reported to the Bureau.

To determine the effects of the amendments on the expenditures from the compensation fund it was necessary to devise a sound sample of the number of cases to be adjusted. The results of the sample were adjusted for expected changes and an estimate was made as to the cost for each categorical amendment.

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Effective dates for some of the amendments were specified in the law, such as minimum-maximum benefits and Consumer Price Index adjustments. Whereas, some of the adjustments have been completed others are still in the process of being adjusted. Since all of the adjustments have not been completed the effect of the amendments on the size of benefit payments for the various recipient categories cannot be determined at this time.

Changes for 1968

Mandatory changes -----	+ \$3, 921, 000
Direct appropriation -----	+ 86, 000
Reimbursements -----	+ 3, 835, 000

The total increase requested for this activity is \$3,921,000 which is offset by an increase in the reimbursements under the "Chargeback" program of \$3,835,000 or a net increase in the direct appropriation of \$86,000.

An estimated increase of \$1,780,000 in disability and death compensation payments is conservatively based upon the trend of expenditures for the past several years. The principal reason for this trend is due to increases in Federal employees salaries.

A conservative estimated increase of \$420,000 in medical expenses is based on the continuing increase in medical costs in recent years. (Actual and estimated expenditures for medical costs are as follows: 1965, \$11,027,776; 1966, \$11,481,688; 1967, \$12,900,000, and 1968, \$13,320,000.)

An increase of \$1,721,000 is requested to provide a full-year cost for benefits under the amendments to the Federal Employees' Compensation Act of 1966 (P.L. 89-488). The law provided effective dates of August 1, 1966, and October 1, 1966, for these amendments, therefore payments made in fiscal year 1967 were less than full-year costs.

Reimbursements to the Compensation Fund by other agencies will total \$36,460,000, an increase of \$3,835,000 over 1967. Eight establishments, namely the Post Office Department, Department of the Navy, Army, Air Force, Agriculture, and Interior, Veterans Administration, and the Tennessee Valley Authority comprise 85.3% of the reimbursements under the "Chargeback" program.

ACTIVITY 2. ARMED FORCES RESERVISTS BENEFITS

1967 -----	\$13, 600, 000
1968 -----	12, 900, 000

NARRATIVE DESCRIPTION OF PROGRAM

For a number of years the benefits of the Federal Employees' Compensation Act were extended for the injury or death of members of the Reserve components of the Armed Forces occurring in line of duty when on active duty or when engaged in authorized training in time of peace. Public Law 881, approved August 1, 1956, repealed legislation providing compensation for reservists in respect to casualties occurring after December 31, 1956.

Public Law 89-488, the "Federal Employees' Compensation Act amendments of 1966" provides educational benefits to dependent children under age 23 and lump-sum payments upon remarriage of widows and dependent widowers. It is anticipated that payments under this activity will continue to decrease each year as the recipients of these benefits remarry and dependent children become of age.

Changes for 1968

Mandatory changes -----	— \$700, 000
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In 1967 there were approximately 3,700 cases on the compensation roll. Since the repeal of this legislation it is contemplated that payments will continue to decrease each year. In 1967 it is estimated there will be approximately 3,500 cases and in 1968 approximately 3,300 cases or a decrease of 200 cases per year.

ACTIVITY 3. WAR CLAIMS ACT BENEFITS

1967 -----	\$500, 000
1968 -----	500, 000

NARRATIVE DESCRIPTION OF PROGRAM

Benefits for claims arising under sections 4(c) and 5(f) of the War Claims Act of 1948 covers employees of Government contractors and civilian American citizens who were captured by the Japanese Government. Costs during the current fiscal year under sections 4(c) and 5(f) are estimated to be \$500,000 the same as in fiscal year 1967.

Changes for 1968

Mandatory changes ----- None.

ACTIVITY 4. OTHER BENEFITS

1967 ----- \$2,306,000
1968 ----- 2,410,000

Changes for 1968

Mandatory changes ----- \$104,000

P.L. 89-488, "Federal Employees' Compensation Act Amendments of 1966" provided a substantial increase in benefits for claimants and dependents receiving compensation under the Relief Work projects that were in effect from 1933 to 1940. This legislation increased the ceiling on payment of benefits from \$150 to \$300 per month.

The increase for this activity is to provide full-year costs for benefit payment to be made for the "Relief Work Employees" for above amendments. No increases are requested for the other programs in this activity.

The table below reflects the changes under this activity:

Program	Actual, 1966		Revised estimate, 1967		Estimate, 1968		Change	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Civilian Air Patrol.....	43	\$75,078	43	\$75,000	43	\$75,000	-----	-----
Reserve Officer Training Corps.....	2	11,309	2	10,000	2	10,000	-----	-----
Relief work employees.....	866	682,585	850	1,821,000	850	1,925,000	-----	+\$104,000
Employees of Government contractors.....	12	77,596	12	78,000	12	78,000	-----	-----
Civilian war benefits.....	35	30,826	35	30,000	35	30,000	-----	-----
Maritime war risk benefits.....	38	96,063	36	92,000	36	92,000	-----	-----
Antipoverty benefits.....	17	6,939	500	200,000	500	200,000	-----	-----
Total.....	1,013	980,396	1,478	2,306,000	1,478	2,410,000	-----	+\$104,000

¹ Number of cases on payrolls as of June 30, 1966.

Reimbursement to employees compensation fund in accordance with Public Law 86-767

Department or agency	Fiscal year 1966 costs for reimbursement in fiscal year 1968	Increase or decrease over payments for fiscal year 1967
Department of Agriculture.....	\$1,663,921	\$81,226
Department of Commerce.....	323,559	69,108
Department of Defense.....	4,989	1,121
Defense Atomic Support Agency.....	26,053	-6,771
Defense Communications Agency.....	380	380
Defense Intelligence Agency.....	13,402	4,059
National Security Agency.....	27,628	927
Office of Civil Defense.....	-----	-966
Defense Supply Agency.....	230,180	91,052
Department of the Air Force.....	4,258,041	514,686
Department of the Army.....	3,804,462	-80,120
Corps of Engineers civil functions.....	624,417	399,563
National Cemeteries and Ryukyu Islands civil administration.....	19,770	3,489
National Guard.....	181,396	168,657
Department of the Navy.....	6,572,247	798,376
U.S. Marines.....	213,578	82,187
Department of Health, Education, and Welfare.....	376,558	34,152
Department of Housing and Urban Development.....	75,952	9,895
Department of Interior.....	1,317,041	160,051
Department of Justice.....	281,531	-23,853

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Reimbursement to employees compensation fund in accordance with Public Law 86-767—Continued

Department or agency	Fiscal year 1966 costs for reimburse- ment in fiscal year 1968	Increase or decrease over pay- ments for fiscal year 1967
Department of Labor.....	\$71,877	\$21,190
Department of State.....	49,960	15,632
Agency for International Development.....	160,212	9,222
International Boundary and Water Commission.....	9,281	-3,986
Peace Corps.....	387,485	196,213
Department of Treasury.....	335,487	58,745
Internal Revenue Service.....	362,425	80,251
Post Office Department.....	10,116,298	805,204
American Battle Monuments Commission.....	48	32
Atomic Energy Commission.....	34,152	-518
Architect of the Capitol.....	27,698	-5,596
Bureau of the Budget.....	5,045	5,045
Civil Aeronautics Board.....	3,504	2,257
Civil Service Commission.....	10,581	4,028
Export-Import Bank of Washington.....	4,589	3,653
Executive Office of the President.....	193	193
Federal Aviation Agency.....	504,874	-11,307
Federal Communications Commission.....	880	436
Federal Deposit Insurance Corporation.....	5,813	5,415
Federal Home Loan Bank Board.....	18,048	65
Federal Power Commission.....	12	-911
Federal Maritime Commission.....	1,695	1,632
Federal Mediation and Conciliation Service.....	78	-1,279
Federal Reserve System.....	341	291
Federal Trade Commission.....	6,622	5,996
Foreign Claims Settlement Commission.....		-86
General Accounting Office.....	15,875	-13,109
General Services Administration.....	374,506	16,184
Government Printing Office.....	82,861	28,942
Indian Claims Commission.....		-29
Interstate Commerce Commission.....	22,062	18,381
Library of Congress.....	3,466	-3,735
National Aeronautics and Space Administration.....	275,483	16,827
National Capital Housing Authority.....	59	27
National Capital Planning Commission.....		-12
National Capital Transportation Agency.....	349	-154
National Labor Relations Board.....	2,816	-12,371
National Mediation Board.....	220	220
National Science Foundation.....		-31
National Security Council.....		-21
Office of Economic Opportunity.....	7,015	7,015
Office of Emergency Planning.....		-31
Railroad Retirement Board.....	579	-903
Renegotiation Board.....	23	23
St. Lawrence Seaway Development Corporation.....	8,976	-497
Selective Service System.....	21,710	-2,800
Securities and Exchange Commission.....	4,312	-6,609
Small Business Administration.....	18,350	10,015
Smithsonian Institution.....	16,320	13,137
National Gallery of Art.....	574	-1,569
National Zoological Park.....	2,985	1,640
Soldiers' Home.....	2,454	881
Subversive Activities Control Board.....	32	32
Tennessee Valley Authority.....	1,346,177	-27,673
The White House Office.....	25	-1,083
U.S. courts.....	3,087	2,113
Supreme Court.....	12	12
U.S. House of Representatives.....	5,363	4,532
U.S. Information Agency.....	37,389	-11,142
U.S. Senate.....	6,364	-1,667
Veterans' Administration.....	2,032,420	276,315
Veterans' Canteen Service.....	14,516	5,107
Virgin Islands Corporation.....	8,024	3,952
Total.....	36,463,760	3,837,408
Rounded.....	36,460,000	3,835,000

APPROPRIATION ESTIMATE

BUREAU OF EMPLOYEES' COMPENSATION

SALARIES AND EXPENSES

For necessary administrative expenses, **[\$4,707,000]** \$5,508,000, together with not to exceed **[\$65,000]** \$68,000 to be derived from the fund created by section 44 of the Longshoremen's and Harbor Workers' Compensation Act, as amended (33 U.S.C. 944).

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$4,707,000	\$5,508,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966, and Public Law 89-501 effective July 1, 1966).....	+141,000	-----
Authorized transfer or reimbursement: From longshore trust fund, Public Law 87-290.....	+65,000 +2,000	+68,000 -----
Proposed supplemental for pay increases (Public Law 89-504).....	-----	-----
Comparative transfer to the Office of the Secretary for centralized audit and systems functions.....	-8,000	-----
Estimated supplemental for relocation costs to be transferred from "Unemployment compensation for Federal employees and ex-servicemen".....	+20,000	-----
Appropriation or estimate, revised.....	4,927,000	5,576,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Disposition of compensation claims:						
(a) Federal employees.....	383	\$3,352,870	431	\$3,981,800	+48	+\$628,930
(b) Longshoremen and harbor workers.....	109	1,180,400	109	1,183,400	-----	+3,000
(c) Administration and management.....	28	300,120	30	316,100	+2	+15,980
(d) Administration of War Claims Act.....	4	26,610	4	26,700	-----	+90
Total direct obligations.....	524	4,860,000	574	5,508,000	+50	+648,000
2. Administration of longshoremen's rehabilitation program.....	7	67,000	7	68,000	-----	+1,000
Total obligations.....	531	4,927,000	581	5,576,000	+50	+649,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	531	581	+50
Average number of all employees.....	505	560	+55
11 Personnel compensation.....	\$4,071,569	\$4,413,193	+\$341,624
12 Personnel benefits.....	368,646	402,322	+33,676
21 Travel and transportation of persons.....	106,420	161,420	+55,000
22 Transportation of things.....	8,200	17,800	+9,600
23 Rents, communications, and utilities.....	128,555	178,867	+50,312
24 Printing and reproduction.....	50,261	60,861	+10,600
5 Other services.....	122,396	233,996	+111,600
26 Supplies and materials.....	47,543	54,443	+6,900
31 Equipment.....	23,410	53,098	+29,688
Total obligations.....	4,927,000	5,576,000	+649,000
Deduct: Estimated obligations from longshore trust fund by Public Law 87-290.....	67,000	68,000	+1,000
Total direct obligations.....	4,860,000	5,508,000	+648,000
Working capital fund items included above.....	(136,400)	(149,100)	(+12,700)

Summary of changes

	Direct appropriation	Authoriza- tions by transfer	Estimated available
1967 enacted appropriation or transfer.....	\$4,707,000	\$65,000	\$4,772,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966, and Public Law 89-501 effective July 1, 1966).....	+141,000		+141,000
Proposed supplemental for pay increases (Public Law 89- 504).....		+2,000	+2,000
Comparative transfer to Office of the Secretary ¹	-8,000		-8,000
Estimated relocation supplemental to be transferred from "Unemployment compensation for Federal employees and ex-servicemen".....	+20,000		+20,000
1967 appropriation or transfer, revised.....	4,860,000	67,000	4,927,000
1968 estimate.....	5,508,000	68,000	5,576,000
Total change.....	+648,000	+1,000	+649,000

¹ This comparative transfer includes no positions and \$8,000 to Office of the Secretary for centralized audit and systems functions.

Mandatory items

Increases:

Net additional cost of within-grade promotions effective for part year in 1967-----	+ \$2, 335
Net cost of within-grade promotions becoming effective in 1968--	+ 2, 486
To provide for a net increase in contributions to the Federal employees' compensation fund-----	+ 6, 572

Decreases:

Nonrecurring rental costs-----	- 6, 088
Nonrecurring extra day of pay for current year staff-----	- 14, 993

Subtotal, mandatory items-----	- 9, 688
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PROGRAM ITEMS

Increases:

To provide for processing increased benefits authorized by Public Law 89-488 Federal Employees' Compensation Act Amendments (50 positions, \$365,400 personal benefits, \$184,600 nonlabor costs)-----	+ 550, 000
To provide for study of program administration and organizational relationships, (\$100,000 nonlabor costs)-----	+ 100, 000
Net full year cost of 17 new positions approved in 1967 (\$13,500 personal benefits)-----	+ 13, 500

Subtotal, increases-----	+ 663, 500
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Decreases: Nonrecurring cost of equipment for 17 new positions approved in 1967-----

- 4, 812

Subtotal, program items-----	+ 658, 688
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Total change-----	+ 649, 000
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Mandatory changes by activity

Type of change	Activity 1a		Activity 1b		Activity 1c		Activity 1d		Activity 2		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Net additional cost of within-grade promotions effective for part year in 1967.....				\$14		\$1,183		\$136		\$1,002		\$2,335
Net within-grade promotion costs initially effective in 1968.....						2,211		42		233		2,486
Contributions to FBC Fund.....		-\$4		6,576								6,572
Decrease for nonrecurring extra day o' pay for current year staff.....		-10,067		-3,590		-1,013		-88		-235		-14,963
Decrease for nonrecurring rental costs.....		-6,088										-6,088
Total.....		-16,159		3,000		2,381		90		1,000		-9,688

Explanation of mandatory changes for 1968

Increases:

Within-grade promotion costs:

1968 net additional cost of within-grade promotions effective for part year in 1967-----+\$13,420

Personnel compensation-----21,487
Deduct lapse-----752
Deduct savings due to turnover-----8,919
Personnel benefits-----1,604

Net cost-----13,420

Absorption of a portion of above increases-----11,085

1968 adjusted net additional cost of within-grade promotions effective for part year in 1967-----2,335

Net cost of within-grade promotions becoming effective during 1968-----+25,900

Personnel compensation-----43,918
Deduct lapse-----1,537
Deduct savings due to turnover-----19,806
Personnel benefits-----3,325

Net cost-----25,900

Absorption of a portion of above increases-----23,414

1968 adjusted net cost of within-grade promotions becoming effective during 1968-----2,486

To provide a net increase in contributions to the Federal employees' compensation fund-----+6,572

Decreases:

Nonrecurring rental costs transferred to General Services Administration-----6,088

Nonrecurring extra day of pay for current year staff-----14,993

Total, mandatory items-----9,688

Program changes by activity

Object classification	Activity 1a		Activity 1c		Total	
	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation-----	48	\$339,531	2	\$12,927	50	\$352,458
12 Personnel benefits-----		25,475		967		26,442
21 Travel and transportation of persons-----		55,000				55,000
22 Transportation of things-----		9,600				9,600
23 Rent, communications and utilities-----		56,400				56,400
24 Printing and reproduction-----		10,600				10,600
25 Other services-----		111,600				111,600
26 Supplies and materials-----		6,700		200		6,900
31 Equipment-----		30,183		-495		29,688
Total-----	48	645,089	2	13,599	50	658,688

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$4,413,193

The net increase of 50 positions and \$341,624 includes \$339,916 for 45.0 man-years, \$12,542 to cover full year cost of 17 new positions authorized for FY 1967, \$4,159 for within-grade promotion costs and a decrease of \$14,993 for one less day of pay.

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Personnel benefits, \$402,322

The increase of \$33,676 includes full year cost of retirement and related benefits for 17 new positions in fiscal year 1967, the additional cost of 50 new positions requested for fiscal year 1968, related costs for within-grade promotions, and an additional \$6,572 for accident compensation.

	1967	1968	Change
Living and quarters allowance.....	\$47,845	\$47,845	
Accident compensation.....	6,984	13,556	+6,572
Retirement, health benefits, insurance, and FICA tax.....	313,817	340,921	+27,104

Travel and transportation of persons, \$161,420

The increase of \$55,000 is for 12 new positions, which includes \$2,000 relocation cost that will be non-recurring in 1969.

	1967	1968	Change
Number of travelers.....	87	99	+12
Number of days traveled.....	3,403	4,477	+1,074
Estimated cost.....	\$106,420	\$161,420	+55,000

Transportation of things, \$17,800

The increase of \$9,600 for new employees includes \$8,600 for non-recurring costs in fiscal year 1969.

1967.....	\$8,200
1968.....	17,800
Change.....	+9,600

Rent, communications, and utilities, \$178,867

The net increase of \$50,312 includes \$56,400 requested for new employees offset in part by a decrease of \$6,088 for non-recurring rental costs.

	1967	1968	Change
Reimbursement to the Post Office for mailing privileges.....	\$32,000	\$33,500	+\$1,500
Rental of space.....	6,088	25,000	+18,912
Rental of mechanical tabulating equipment.....	20,000	20,000	
Rental of other equipment.....	1,500	26,500	+25,000
Telephone rental, telegraph and teletype.....	47,917	51,017	+3,100
Working capital fund.....	21,050	22,850	+1,800

Printing and reproduction, \$60,861

The increase of \$10,600 covers the additional cost of \$2,600 for the 50 new employees requested and \$8,000 for instructional material and forms.

	1967	1968	Change
Administrative claims forms and materials supplied to Government establishments.....	\$17,000	\$25,000	+\$8,000
Letterheads and miscellaneous forms.....	5,325	5,325	
Working capital fund.....	27,936	30,536	+2,600

Other services, \$233,996

The net increase of \$111,600 provides \$11,600 for services for the 50 new employees and \$100,000 for a study of program administration and organizational relationships.

	1967	1968	Change
Stenographic reporting services.....	\$35,500	\$35,500	-----
Contracts for services.....		100,000	+\$100,000
Miscellaneous repairs and services.....	21,100	26,300	+5,200
Working capital fund.....	65,796	72,196	+6,400

Supplies and material, \$54,443

The net increase of \$6,900 is requested for supplies and materials for the 50 new positions.

	1967	1968	Change
Desk top and miscellaneous supplies.....	\$25,925	\$30,925	+\$5,000
Working capital fund.....	21,618	23,518	+1,900

Equipment, \$53,098

The net increase of \$29,688 includes an increase of \$34,500 for 50 new positions offset by a decrease of \$4,812 for non-recurring equipment in fiscal year 1967.

	1967	1968	Change
Office machines.....	\$10,010	\$31,624	+\$21,614
Furnitures.....	12,400	20,474	+8,074
Books.....	1,000	1,000	-----

Summary of new positions

	Num- ber	Grade	Amount
ACTIVITY 1(A)			
Departmental:			
Special assistant for review.....	1	GS-14	\$15,106
Review analyst.....	2	GS-13	25,746
Secretary.....	1	GS-7	6,451
Do.....	1	GS-5	5,331
Mail and file clerk.....	1	GS-3	4,269
Subtotal.....	6		56,903
Field offices:			
Review examiner.....	9	GS-13	115,857
Claims examiner.....	9	GS-9	69,264
Benefit payment roll clerk.....	5	GS-5	26,655
Secretary.....	9	GS-5	47,979
Voucher examiner.....	6	GS-5	31,986
File clerk.....	4	GS-3	17,076
Subtotal.....	42		308,817
Total.....	48		365,720
ACTIVITY 1(C)			
Departmental:			
Budget analyst.....	1	GS-9	7,696
Clerk-typist.....	1	GS-3	4,269
Total.....	2		11,965
Grand total.....	50		377,685

PREPARED STATEMENT

Senator HILL. Now, Mr. Tinsley, we will be glad to have you proceed.

Mr. TINSLEY. Thank you, Mr. Chairman.

I have a prepared statement that I would be pleased to submit for the record.

Senator HILL. We will have that appear in full in the record.

(The statement follows:)

SALARIES AND EXPENSES

The estimate for the Bureau's Salaries and Expenses appropriation proposes a direct appropriation of \$5,508,000 for the administration of the several Federal workmen's compensation acts and an authorization to transfer \$68,000 from the Trust Fund created by Section 44 of the Longshoremen's and Harbor Workers' Compensation Act.

The net overall increase is 50 positions and \$349,000 over funds available for fiscal year 1967. The increase provides for a total of \$658,688 in program items. These items consist of positions and money to handle the increased work resulting from the "Federal Employees' Compensation Act Amendments for 1966"; full year costs for additional positions approved in fiscal year 1967; and funds to conduct a comprehensive review of the entire compensation payment procedures. This study will be designed to result in minimizing the delay in payments which presently confront the Bureau. The above increases are offset by an overall decrease of \$9,688 in mandatory items.

Federal employees' compensation program

The Federal Employees' Compensation Act provides coverage to over 3 million employees of the Federal Government, including officers and employees of the District of Columbia (except members of the police and fire departments) members of the Civil Air Patrol; Reserve Officers' Training Corps while in training; Peace Corps Volunteers and enrollees of the Job Corps and various other groups to whom the Act has been extended. It is estimated that approximately 113,000 new injuries will be reported in 1968 which is the same as estimated in 1967. The new injuries reported in fiscal year 1966 was 108,395. The primary reason for the increase in workload is based on the increase in Federal employment from July 1965 through June 1966. This program is administered by the Bureau through its ten District offices within the Continental United States and Hawaii.

Longshoremen's and Harbor Workers' Compensation Act program

This Act was enacted in 1927 and provides workmen's compensation benefits for employees of private maritime employment engaged in loading and unloading, and repairing vessels on the navigable waters of the United States. It was subsequently extended to certain other private employments within Federal jurisdiction. These include all private employment in the District of Columbia, employees of Government contractors employed at defense bases or engaged in public works outside the Continental United States; private employees working on the Outer Continental Shelf in the exploration and development of natural resources; employees of post exchanges and other non-appropriated fund instrumentalities of the Department of Defense; employees of contractors on certain projects outside the United States financed and approved under the Mutual Security Act; and employees of the Red Cross and similar organizations associated with the Armed Forces outside the United States.

Liability for the payment of compensation benefits under this program rests upon the employer and the only expense to the Federal Government is for the administration of the program. The employer must insure his liability for the payment of compensation benefits with an insurance carrier authorized by the Bureau to write such insurance or by meeting requirements of the Bureau to qualify as a self-insurer. The administration of this program is completely decentralized. Operations are conducted through thirteen district field offices. The program relating to employments in the District of Columbia is administered through a local district office, and the cost of administration is paid from funds appropriated to the District Government and transferred to the Bureau.

Longshoremen's and Harbor Workers' Compensation Act rehabilitation program

The transfer of \$68,000 from the Trust Fund created by Section 44 of the Longshoremen's and Harbor Workers' Compensation Act is used to rehabilitate permanently disabled beneficiaries covered under this Act. The fund is made up of sums paid by employers in certain fatal cases and from fines, penalties, and interest on investments. The Bureau does not operate a vocational training program of its own and the amount requested is for the services of seven employees to aid in arranging the rehabilitation of seriously disabled employees through cooperation with State facilities.

Mr. Chairman and members of the committee, the Bureau's operations are limited solely to the administration of the Workmen's Compensation laws coming within Federal jurisdiction. These include the Federal Employees' Compensation Act and the Longshoremen's and Harbor Workers' Compensation Act, and their extensions to various other groups.

The Employees' Compensation Fund was established under Section 35 of the Federal Employees' Compensation Act to cover the cost of benefits authorized by the Act for disability and death resulting from the performance of their duties as employees of the Federal government. It is also available for the payment of disability and death benefits authorized by Section 4(c) and 5(f) of the War Claims Act of 1948 and to various other groups to whom the benefits of the law have been extended by legislative enactment.

This fund is financed by direct appropriation and reimbursements from Federal agencies for sums already expended from the fund for injuries sustained by their employees occurring since December 1, 1960.

The estimate for fiscal year 1968 provides for a direct appropriation of \$56,061,000 and reimbursements by Federal agencies amounting to \$36,460,000, or a total of \$92,521,000. This is a net increase of \$3,325,000 or 3.7 percent increase over the estimated obligations of \$89,196,000 for the current year operation. Included in the latter figure for the current years operation is \$723,000 relating to the pay increase costs and \$11,473,000 resulting from the "Federal Employees' Compensation Act Amendments of 1966."

The increase in reimbursements from Federal agencies, commonly referred to as the "Chargeback Plan" amounts to \$3,835,000 with a decrease of \$510,000 in the direct appropriation.

The increase for the Federal civilian employees benefits activity provides an increase of \$1,780,000 for disability and death compensation, \$420,000 for increased medical costs and \$1,721,000 for increased benefits under the 1966 amendments which is shown in the 1967 budget for items paid on a nine or eleven month basis as applicable under the law. These increases are partially offset by the increased reimbursements of \$3,835,000 under the "Chargeback Plan."

A decrease of \$700,000 in the Armed Forces reservists benefits activity is anticipated and will continue to decrease each year since the legislation for coverage of these reservists was repealed in August, 1956.

The increase of \$104,000 in the Other benefits activity provides for the full year cost under the 1966 amendments which increased benefits to the Emergency Relief Employees and their beneficiaries, a program going back to the 1930's. It is anticipated that expenditures for the other programs in this activity will continue at the same rate as estimated in fiscal year 1967.

EMPLOYEES COMPENSATION FUND

Mr. TINSLEY. I will briefly summarize the substance of the request.

There are two major items in the appropriation request. The first involves the employees compensation fund which is used to provide benefit payments to Federal employees and their beneficiaries for disabilities and deaths resulting from injuries in the performance of their duties; \$92,521,000 is the request. This is broken down by a direct appropriation request for \$56,061,000 and reimbursements from Federal agencies amounting to \$36,460,000.

There is a reduction of \$510,000 in the direct appropriation but an overall increase of \$3,325,000 in the compensation fund.

SALARIES AND EXPENSES

The second item is the salary and expense item. Here our request is for \$5,508,000 plus \$68,000 to be transferred from the trust fund contained in section 44 of the Longshoremen's Act or a total of \$5,576,000. This is a \$649,000 increase and would provide for 50 additional employees.

Senator HILL. Why do you need those 50?

Mr. TINSLEY. These 50 employees are needed to perform additional administrative and processing functions imposed upon us by the Federal Employees Compensation Act Amendments of 1966.

Senator HILL. That was passed in the last session?

Mr. TINSLEY. That is correct, Mr. Chairman. That is the summary. I will be pleased to answer any questions that the chairman or the committee might have.

Senator HILL. Do you have anything to add, sir?

Mr. MINOR. No, sir.

Senator HILL. I think your statement pretty well covers the case, sir.

Mr. TINSLEY. Thank you

Senator HILL. Thank you.

BUREAU OF LABOR STATISTICS

STATEMENT OF ARTHUR M. ROSS, COMMISSIONER, ACCOMPANIED BY ROBERT J. MYERS, DEPUTY COMMISSIONER; PETER HENLE, CHIEF ECONOMIST; BEN BURDETSKY, DIRECTOR, OFFICE OF ADMINISTRATIVE MANAGEMENT; SOL SWERDLOFF, CHIEF, DIVISION OF PROGRAM PLANNING AND EVALUATION; HAROLD GOLDSTEIN, ASSISTANT COMMISSIONER; JOHN L. GRACZA, DEPUTY ASSISTANT COMMISSIONER; RAY S. DUNN, JR., CHIEF, DIVISION OF FISCAL MANAGEMENT AND SERVICES

APPROPRIATION ESTIMATE

BUREAU OF LABOR STATISTICS

SALARIES AND EXPENSES

For expenses, not otherwise provided for, necessary for the work of the Bureau of Labor Statistics, including advances or reimbursement to State, Federal, and local agencies and their employees for services rendered, **[\$20,350,000]** \$23,054,000.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$20,350,000	\$23,054,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966).....	243,000	-----
Comparative transfer to Office of the Secretary for centralized audit and systems functions.....	-52,000	-----
Appropriation or estimate, revised.....	20,541,000	23,054,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Manpower and employment.....	378	\$8,419,500	403	\$9,645,200	+25	+\$1,225,700
2. Prices and cost of living.....	295	3,192,000	366	4,047,600	+71	+855,600
3. Wages and industrial relations.....	334	3,562,700	373	3,946,100	+39	+383,400
4. Productivity, technology, and growth.....	130	1,656,100	180	1,669,700	-----	+13,600
5. Foreign labor and trade.....	42	462,600	42	467,300	-----	+4,700
6. Program staff services.....	114	1,224,600	114	1,236,100	-----	+11,500
7. Administration and management services.....	94	2,023,500	94	2,042,000	-----	+18,500
Total obligations.....	1,387	20,541,000	1,522	23,054,000	+135	+2,513,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	1,387	1,522	+135
Positions other than permanent.....	67	67	-----
Average number of all employees.....	1,325	1,450	+125
11 Personnel compensation.....	\$11,723,000	\$12,929,800	+\$1,206,800
12 Personnel benefits.....	860,200	960,130	+99,930
21 Travel and transportation of persons.....	768,600	812,900	+44,300
22 Transportation of things.....	20,000	20,000	-----
23 Rent, communications, and utilities.....	1,213,200	1,308,970	+95,770
24 Printing and reproduction.....	699,600	734,400	+34,800
25 Other services.....	1,367,800	1,455,800	+88,000
Services of other agencies.....	3,604,300	4,462,700	+858,400
26 Supplies and materials.....	176,500	191,200	+14,700
31 Equipment.....	107,800	178,100	+70,300
Total obligations.....	20,541,000	23,054,000	+2,513,000
Working capital fund items included above.....	909,000	988,000	79,000

Summary of changes

1967 enacted appropriation.....	\$20,350,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966).....	243,000
Comparative transfer to Office of the Secretary for centralized audit and systems functions ¹	-52,000
1967 appropriation, revised.....	20,541,000
1968 estimate.....	23,054,000
Total change.....	+2,513,000
Mandatory items:	
Increases:	
Net additional cost to restore pay costs absorbed in 1967....	+189,000
Net cost of within-grade promotions becoming effective in 1968.....	+51,000
Payments to States for increased salary rates in connection with the cooperative employment statistics and labor turnover programs (nonlabor \$88,000).....	+88,000
To provide for a net increase in contributions to the Federal employees' compensation fund.....	+9,230
Decreases:	
Nonrecurring extra day of pay for current year staff.....	-51,600
Nonrecurring rental costs.....	-4,630
Subtotal, mandatory items.....	+281,000

¹ This comparative transfer includes no positions.

Program items:

Increases:

To expand the program of employment and unemployment data—measurement of manpower problems in local communities. (20 positions, \$154,700 personal services; \$845,300 nonlabor costs)-----	+\$1,000,000
Funding of civil defense function formerly financed by Office of Emergency Planning (5 positions, \$55,600 personal services; \$2,400 nonlabor costs)-----	+58,000
To provide for improving quality adjustments in present consumer price index (6 positions, \$84,900 personal services; \$15,100 nonlabor costs)-----	+100,000
To expand the program for industry sector indexes (39 positions, \$321,100 personal services; \$82,900 nonlabor costs)-----	+404,000
To provide for assessing international price trends and levels (11 positions, \$95,000 personal services; \$25,000 nonlabor costs)-----	+120,000
To provide for improving consumer expenditures survey methods (15 positions, \$168,800 personal services; \$31,200 nonlabor costs)-----	+200,000
To provide for gaging wage changes in nonmanufacturing industries (24 positions, \$153,900 personal services; \$46,100 nonlabor costs)-----	+200,000
To provide for increasing employee benefit plan information (15 positions, \$114,700 personal services; \$35,300 nonlabor costs)-----	+150,000
Subtotal, program items-----	<u>+2,232,000</u>
Total change-----	<u>+2,513,000</u>

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5		Activity 6		Activity 7		Total	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Net pay increase costs		+ \$66,900		+ \$35,700		+ \$36,900		+ \$15,200		+ \$5,500		+ \$13,100		+ \$15,700		+ \$189,000
Net within-grade promotion costs initially effective in 1968		+ 26,800		+ 6,000		+ 8,500		+ 3,300		+ 1,300		+ 2,800		+ 2,300		+ 51,000
Payments to States for increased salary rates		+ 88,000														+ 88,000
Contributions to FEC fund (+ or -)														+ 9,230		+ 9,230
Decrease for nonrecurring extra day of pay for current year staff		- 14,000		- 10,100		- 12,000		- 4,900		- 2,100		- 4,400		- 4,100		- 51,000
Decrease for nonrecurring rental costs														4,630		4,630
Total		+ 167,700		+ 31,600		+ 33,400		+ 13,600		+ 4,700		+ 11,500		+ 18,500		+ 281,000

Explanation of mandatory changes for 1968

Increase: To restore pay costs absorbed in 1967-----	+\$189, 000
Within-grade promotion costs:	
1968 net additional cost of within-grade promotions effective for part year in 1967-----	+91, 000
Personnel compensation-----	85, 542
Deduct lapse-----	-542
Personnel benefits-----	6, 000
Net cost-----	91, 000
Absorption of a portion of above increases-----	-91, 000
1967 adjusted net additional cost of within-grade promotions effective for part year in 1967-----	0
Net cost of within-grade promotions becoming effective during 1968 -----	130, 000
Personnel compensation-----	122, 399
Deduct lapse-----	-499
Personnel benefits-----	8, 100
Net cost-----	130, 000
Absorption of a portion of above increases-----	-79, 000
1968 adjusted net cost of within-grade promotions becoming effective during 1968-----	+51, 000
Payments to States for increased salary rates in connection with the cooperative employment statistics and labor turnover programs (nonlabor)-----	+88, 000
To provide a net increase in contributions to the Federal employees' compensation fund-----	+9, 230
Decreases:	
Nonrecurring extra day of pay for current year staff-----	-51, 600
Nonrecurring rental costs-----	-4, 630
Total, mandatory items-----	+281, 000

Program changes by activity

Object classification	Activity #1		Activity #2		Activity #3		Total	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
11 Personnel compensation-----	25	\$195, 600	71	\$623, 200	39	\$249, 900	135	\$1, 068, 700
12 Personnel benefits-----		14, 700		46, 600		18, 700		80, 000
21 Travel and transportation of persons-----		2, 200		28, 100		14, 000		44, 300
23 Rent, communications, and utilities-----		20, 000		56, 100		24, 300		100, 400
24 Printing and reproduction-----		9, 200		16, 600		9, 000		34, 800
25 Other services-----		801, 600		5, 700		11, 500		818, 800
26 Supplies and materials-----		2, 600		7, 800		4, 300		14, 700
31 Equipment-----		12, 100		39, 900		18, 300		70, 300
Total-----	25	1, 058, 000	71	824, 000	39	350, 000	135	2, 232, 000

BASIS FOR ESTIMATES

This general statement is intended to indicate the nature of the major sources of cost estimates in Bureau programs, and to indicate, in general terms, the ways in which the Bureau has attempted to minimize cost. The fact must be emphasized that Bureau methods and procedures are under continual review with respect (1) to the data required to meet major governmental and private needs, and (2) the most efficient way of meeting these needs.

The estimated cost of the Bureau's programs for fiscal 1968 is based upon long experience in the operation of complex statistical programs involving survey planning, data collection, tabulation and summary of data, and the preparation of analytical reports. This experience has been cumulative over the years. Methods and procedures have been constantly refined in light of advances in statistical methodology and in the technology of data processing. Constant experimentation has taken place with respect to sample design, methods of data collection, schedule editing, data tabulation, including the consolidation and summary of data, the use of electronic equipment to prepare statistical tables directly for reproduction, and the efficient analysis of survey results. This work has given the Bureau a leading place among national statistical organizations.

A major element in the cost of a statistical operation is the number of units (individuals, households, establishments) from which data must be collected. In developing sampling designs, the Bureau is guided by the most efficient use of sampling techniques to provide the desired level of accuracy. Size of sample in relation to sampling error will differ for a given survey, depending upon the number and character of the magnitudes to be estimated. In general, the larger the number of breakdowns to be derived from a given survey, the larger the sample required to provide reliable estimates. For example, data on a regional basis (e.g., for wages in the textile industry) will require a larger sample than would be needed for national estimates alone. The Bureau responds to the needs for data by the Government and by private decision-makers. Once these needs are known, the Bureau designs the most efficient sampling procedure to secure the desired results.

A second major element in the cost of Bureau programs involves the method of data collection. The most efficient method of collection depends largely upon the nature of the information that is sought. Some types of information (e.g., comparatively simple magnitudes such as total employment, man-hours paid for, and total payroll of an establishment for a designated week) can be successfully collected by mailed questionnaire. On the other hand, data on the prices of selected items of apparel (involving comparability of specifications from store to store) or on occupational wages (where comparability of occupational duties from establishment to establishment is important) can only be adequately secured through personal visit to the sample units. Again, data for the Monthly Report on the Labor Force, which involves answers to a variety of questions by representatives of households, can only be collected by personal interview. Wherever possible, the Bureau has substituted less for more expensive collection methods. For example, after experimentation, it was concluded that the Bureau's occupational wage surveys in metropolitan areas could be conducted in alternate years largely by mailed questionnaire, with some supplementation by personal visit. In some survey activities, the most efficient collection procedure involves a combination of methods. This aspect of the Bureau's work is under constant review with the aim of maximizing the efficiency of collection procedures with due regard to accuracy of response.

A third major source of cost relates to the frequency of surveys. Frequency depends in part upon the uses to be made of the survey data and partly upon the volatility of the survey items. For example, in terms of both government and private decision-making, monthly data on both the labor force and prices appears to represent the minimum periodicity required. Moreover, both labor force and price data tend to be volatile, thus providing an additional reason for the derivation of highly current estimates. On the other hand, occupational wages tend to change less frequently, so that annual surveys are adequate for most purposes and in most periods. Similarly, estimates of productivity, at least for most purposes, are adequate on an annual basis. In short, the periodicity of Bureau studies are determined largely by the needs of policy makers and by the dynamics of the underlying forces that are being measured. It should be noted that, in view of the increasing role of Government in the operation of the economy, all of the pressures are toward greater currency of information. For example, the Bureau is presently improving its weekly wholesale price index to make it a more precise indicator of change in the monthly index. To give another example, the Bureau is now called upon, from time to time, to provide quarterly rather than annual estimates of productivity for selected industries for internal government use.

A fourth major source of cost in the operation of statistical programs is the tabulation and summarization of the data collected. In this area, the Bureau has made great advances in the use of electronic data processing equipment,

and is constantly seeking for the most advanced and efficient use of this rapidly changing technology. The Bureau has a highly effective data processing center and new applications of machine equipment are under constant consideration.

Finally, the fifth major element in the cost of Bureau programs is represented by survey planning and data analysis. The final output of the Bureau ranges from memoranda for internal government use to public releases and reports of various kinds. Here again, the Bureau has sought to devise the most efficient methods of accomplishing its survey planning and its explanatory and analytical work. The requirement for analytical staff is a function of (1) the survey planning that must accompany the initiation and maintenance of statistical programs and (2) the adequate analysis for policy and related purposes of the Bureau's output of statistical and economic data in terms of the full exploitation of the data collected in the vital areas in which the Bureau deals.

Distribution of field staff

Permanent positions	1967			1968		
	Profes- sional	Clerical	Total	Profes- sional	Clerical	Total
Supervising offices:						
Atlanta, Ga.	31	36	67	33	38	71
Boston, Mass.	23	25	48	25	25	50
Chicago, Ill.	43	18	61	47	18	65
Cleveland, Ohio ¹ ..	23	12	35			
Kansas City, Mo. ¹ ..				26	14	40
New York, N.Y.	42	20	62	46	20	66
San Francisco, Calif.	36	23	59	36	21	57
Total permanent	198	134	332	213	136	349

¹ Cleveland office being moved to Kansas City at beginning of fiscal year. Until workload data available, exact staffing not known so transfer of Cleveland staff shown.

Intermittent employment	1967	1968
Regional offices:		
Atlanta, Ga.	24	27
Boston, Mass.	12	14
Chicago, Ill.	34	38
Cleveland, Ohio.	18	21
New York, N.Y.	32	35
San Francisco, Calif.	40	45
Total intermittent	160	180

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$12,929,800

The over-all estimate includes \$12,427,000 for 1,376 man-years of permanent full-time positions of which (a) \$9,793,990 provides for 1,060 man-years of departmental employment, and (b) \$2,633,010 for 316 man-years of field employment. The estimate also includes \$329,700 for 67 man-years of temporary and intermittent employment; \$173,100 for overtime, holiday and premium pay for nightwork. The estimate provides for a mandatory increase of \$147,900 for restoration of pay increase effective in fiscal year 1967 (P.L. 89-504). The estimate also provides for a mandatory increase of \$47,600 for cost of within-grade promotions effective in 1968.

Included in the estimate are program increases amounting to \$1,068,700 which will provide for 121 man-years of permanent full-time positions of which 105 are allocated to departmental employment and 16 to field employment.

The estimate reflects a decrease of \$48,500 for one less day of pay in 1968. The estimate also reflects a decrease of \$8,900 for full year cost of the transfer of the Section of Graphic Presentation to the Office of the Secretary.

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Personnel benefits, \$960,130

The estimate provides for a net increase of \$99,930. An increase of \$80,000 is attributable to new programs; \$11,100 provides for mandatory increase for restoration to pay increase effective in fiscal year 1967 (P.L. 89-504), and \$3,400 to finance the cost of benefits due to within-grade promotions becoming effective in 1968. An increase of \$9,230 is due to increased cost of contribution to the Federal Employees' Compensation Fund.

The estimate reflects a decrease of \$3,100 due to one less day of pay in 1968 and a decrease of \$700 for full year cost of the transfer of the Section of Graphic Presentation to the Office of the Secretary.

The estimate is based on approximately 7½% of the amount provided for full-time personnel compensation costs. Employer's contribution under FICA is based on intermittent and temporary employment.

Civil service retirement fund (computed at 6.5 percent of full-time personal services exclusive of employees subject to the Federal Insurance Contribution Act).....	\$800, 900
Employer's contribution under the Federal Insurance Contribution Act.....	12, 400
Employee group life insurance.....	43, 800
Employee health benefits.....	78, 300
Incentive awards program.....	10, 000
Employee injury compensation benefits.....	14, 730
Total.....	960, 130

Travel and transportation of persons, \$812,900

The estimate provides for per diem and transportation expenses for full-time employees and mileage for intermittent employees. Included in the estimate are program increases amounting to \$44,300.

	1967	1968	Change
Number of travelers.....	665	702	+37
Number of days traveled.....	24, 750	26, 267	+1, 517
Miles of intermittent travel.....	514, 444	564, 444	+50, 000
Per diem at \$16.....	\$396, 000	\$418, 672	+\$22, 672
Transportation and other costs.....	326, 300	343, 428	+17, 128
Intermittent travel at 9 cents per mile.....	46, 300	50, 800	+4, 500
Total.....	768, 600	812, 900	+44, 300

Transportation of things, \$20,000

No increase is requested for 1968. The estimate, based on past experience provides:

	1967	1968	Change
Moving and drayage.....	\$7, 200	\$7, 200	-----
Shipment of supplies and material.....	12, 000	12, 000	-----
GSA motortruck rental.....	800	800	-----
Total.....	20, 000	20, 000	-----

Rent, communications, and utilities, \$1,308,970

The estimate provides an increase of \$95,770 for new programs which includes \$53,770 for space rental costs due to the net increase of 118 positions in the District of Columbia and 17 positions in the field offices. Also included is \$10,900 for tabulating equipment rental, \$6,200 for communication services and an increase of \$24,900 in the Working Capital Fund.

The total estimate provides for:

	1967	1968	Change
Rental of office space.....	\$4,630	\$58,400	+\$53,770
Rental of tabulating equipment.....	522,170	533,070	+10,900
Telephone, teletype, and telegraph services.....	42,100	48,300	+6,200
Federal telecommunications service.....	48,000	48,000	-----
Paid official mailings.....	278,700	278,700	-----
Working capital fund.....	317,600	342,500	+24,900
Total.....	1,213,200	1,308,970	+95,770

Printing and reproduction, \$734,400

The estimate includes an increase of \$34,800 for new programs. The total estimate provides for:

	1967	1968	Change
Bulletins.....	\$79,100	\$85,000	+\$5,900
Periodicals.....	54,900	56,400	+1,500
Forms and schedules.....	96,300	100,100	+3,800
Envelopes.....	25,000	25,600	-----
Monthly Labor Review.....	120,100	120,100	-----
Occupational Outlook Handbook.....	30,000	30,000	-----
Other.....	6,700	7,700	+1,000
Working capital fund.....	287,500	310,100	+22,600
Total.....	699,600	734,400	+34,800

Other services, \$5,918,500

The estimate includes an increase of \$946,400 composed of \$818,800 for program increases, mandatory increases of \$30,000 to finance full year cost of pay increase effective in fiscal year 1966 (P.L. 89-301) and \$88,000 for payments to States for increased salary rates in connection with the cooperative employment statistics and labor turnover statistics programs, and an increase of \$9,600 in Working Capital Fund due to the transfer of the Section of Graphic Presentation to the Office of the Secretary. This is offset by corresponding decreases in personnel compensation and benefits. The total estimate provides for:

	1967	1968	Change
Services of other agencies:			
Payments to the Bureau of the Census for collection and tabulation of data.....	\$3,069,900	\$3,094,900	+\$25,000
Other contractual services.....	-----	800,000	+\$800,000
Payment to the Internal Revenue Service for study of pension trust terminations.....	-----	8,700	+8,700
Special reports and tabulations from other Federal agencies in connection with the economic growth project.....	327,900	327,900	-----
Payment to the Social Security Administration for annual earnings statistics.....	5,200	5,200	-----
Security investigations.....	6,000	6,000	-----
Other bureau services.....	45,700	50,700	+5,000
Working capital fund.....	149,600	169,300	+19,700
Total.....	3,604,300	4,462,700	+\$858,400
Other services:			
Payments to cooperative States for employment and labor turnover statistics.....	1,288,400	1,376,400	+88,000
Newspaper clipping services of work stoppages and strikes.....	13,000	13,000	-----
Miscellaneous special reports and tabulations.....	14,900	14,900	-----
Training program-tuition.....	30,000	30,000	-----
Office machine repairs.....	9,000	9,000	-----
Maintenance and miscellaneous services.....	12,500	12,500	-----
Total.....	1,367,800	1,455,800	+88,000
Total, other services.....	4,972,100	5,918,500	+946,400

Supplies and materials, \$191,200

The estimate includes an increase of \$14,700 created by new programs. The total estimate provides for :

	1967	1968	Change
Supplies and materials.....	\$22, 200	\$25, 100	+\$2, 900
Working capital fund.....	154, 300	166, 100	+11, 800
Total.....	176, 500	191, 200	+14, 700

Equipment, \$178,100

The estimate includes an increase of \$70,300 to provide equipment needs for 135 new positions created by requested program increases. The total estimate provides for :

	1967	1968	Change
Office furniture and machines.....	\$47, 800	\$117, 600	+\$69, 800
Replacement and acquisition of machines.....	20, 000	20, 000	-----
Magnetic tape.....	40, 000	40, 500	+500
Total.....	107, 800	178, 100	+70, 300

Summary of new positions

	Number	Grade	Amount
Activity 1. Manpower and employment:			
Manpower statistics for urban areas:			
Departmental:			
Senior manpower and employment specialist.....	1	GS-14	\$15,106
Do.....	2	GS-13	25,746
Do.....	2	GS-12	21,854
Manpower and employment specialist.....	3	GS-11	27,663
Do.....	2	GS-9	15,392
Senior manpower and employment assistant.....	5	GS-7	32,255
Clerk or stenographer.....	2	GS-5	10,662
Do.....	2	GS-4	9,552
Total.....	19		158,230
Portion of data processing allocated to this program:			
Departmental: Digital computer systems operator.....	1	GS-7	6,451
Total.....	20		164,681
Mobilization coordinator:			
Departmental:			
Senior manpower and employment specialist.....	1	GS-14	17,721
Do.....	1	GS-13	13,769
Do.....	1	GS-12	11,306
Manpower and employment specialist.....	1	GS-9	7,957
Clerk.....	1	GS-4	4,936
Total.....	5		55,689
Total, manpower and employment.....	25		220,370
Activity 2. Prices and cost of living:			
Industry sector price indexes:			
Departmental:			
Economist.....	1	GS-15	17,550
Do.....	1	GS-14	15,106
Senior price index or commodity specialist.....	4	GS-13	51,492
Do.....	3	GS-12	32,781
Price index or commodity specialist.....	6	GS-11	55,326
Do.....	2	GS-9	15,392
Senior price index or commodity assistant.....	6	GS-7	38,706
Clerk or stenographer.....	4	GS-5	21,324
Do.....	2	GS-4	9,552
Total.....	29		257,229
Field:			
Field representative.....	2	GS-11	18,442
Do.....	2	GS-9	15,392
Do.....	4	GS-7	25,804
Total.....	8		59,638
Portion of data processing allocated to this program:			
Departmental:			
Digital computer programmer.....	1	GS-9	7,696
Card punch operator.....	1	GS-4	4,776
Total.....	2		12,472
Total.....	39		329,339
International price competitiveness:			
Departmental:			
Economist.....	1	GS-14	15,106
Senior price index or commodity specialist.....	1	GS-13	12,873
Do.....	2	GS-12	21,854
Price index or commodity specialist.....	1	GS-11	9,221
Do.....	2	GS-9	15,392
Senior price index or commodity assistant.....	1	GS-7	6,451
Clerk or stenographer.....	3	GS-5	15,993
Total.....	11		96,890

Summary of new positions—Continued

	Number	Grade	Amount
Activity 2. Prices and cost of living—Continued			
Overcoming deficiencies in present CPI:			
Departmental:			
Economist.....	1	GS-14	\$15,106
Senior price index or commodity specialist.....	1	GS-13	12,873
Do.....	2	GS-12	21,854
Price index or commodity specialist.....	1	GS-11	9,221
Do.....	1	GS-9	7,696
Total.....	6		66,750
Consumer expenditure survey 1968:			
Departmental:			
Economist.....	2	GS-14	30,212
Senior price index or commodity specialist.....	2	GS-13	25,746
Do.....	3	GS-12	32,781
Price index or commodity specialist.....	4	GS-11	36,884
Do.....	3	GS-9	23,088
Clerk or stenographer.....	1	GS-4	4,776
Total.....	15		153,487
Total, prices and cost of living.....	71		646,466
Activity 3. Wages and industrial relations:			
Employee benefit plans;			
Departmental:			
Senior wages and industrial relations specialist.....	2	GS-13	25,746
Do.....	2	GS-12	21,854
Wages and industrial relations specialist.....	2	GS-11	18,442
Do.....	2	GS-9	15,392
Senior wages and industrial relations assistant.....	3	GS-7	19,353
Clerk.....	2	GS-5	10,662
Secretary.....	1	GS-4	4,776
Total.....	14		116,225
Portion of data processing allocated to this program:			
Departmental: Card punch operator.....	1	GS-3	4,269
Total.....	15		120,494
General wage changes in nonmanufacturing industries:			
Departmental:			
Senior wages and industrial relations specialist.....	1	GS-13	12,873
Do.....	1	GS-12	10,927
Wages and industrial relations specialist.....	1	GS-11	9,221
Do.....	3	GS-9	23,088
Clerk.....	1	GS-5	5,331
Clerk or stenographer.....	6	GS-4	28,656
Do.....	1	GS-3	4,269
Total.....	14		94,365
Field:			
Field representative.....	6	GS-9	46,176
Do.....	1	GS-7	6,451
Clerk or stenographer.....	2	GS-3	8,538
Total.....	9		61,165
Portion of data processing allocated to this program:			
Departmental: Card punch operator.....	1	GS-4	4,776
Total.....	24		160,306
Total, wages and industrial relations.....	39		280,800
Grand total.....	135		1,147,636

Senator HILL. Mr. Ross, the Bureau of Labor Statistics.

Mr. Ross. Mr. Chairman, this is Mr. Myers the Deputy Commissioner.

Senator HILL. We are glad to have you, sir.

I have found through the years that both employers and employees strongly support your work.

Mr. Ross. Yes, sir. We appreciate that and I appreciated your commenting on that to Secretary Wirtz yesterday. It is, of course, tremendously important to us that we have the acceptance of management and labor and the other groups in the economy.

Mr. Chairman, if my statement can be part of the record, I would confine myself to a few remarks.

Senator HILL. That will appear in the record.

(The statement follows:)

Mr. Chairman and members of the committee, today I believe that I can report progress to you on all of the fronts mentioned in my testimony last year. We have found some new ways, I believe, to contribute to the national understanding of the economy and to get facts into the hands of the people who need them. We have adapted our data to new needs. We have brought some long-term projects to completion. We are making rapid strides in some important fields.

One of our recent achievements was the publication, late in 1966, of a volume showing industry demand and projected employment to 1970. This work culminated many years of analysis of the most fundamental kind. It will provide guidance for many years to come for corporations anticipating their manpower needs and contemplating important shifts in their allocations of total resources. It captures the outlines of our economic future by showing where our employment is likely to grow and what we are likely to produce. In another year, we will be seeking to extend the amount of detail shown by this checkerboard. In the meantime, we know that industry will find many uses for it.

We have made some progress in fitting together the many pieces that go into making up the total picture of compensation to labor for the whole economy. We are requesting funds to obtain data for some of the important missing pieces.

Recently we published the results of a unique joint study conducted by the United States and Japan into the comparative wage structures of the two countries. Early in the year we compiled a major work describing in detail and in depth the economic situation of Negroes in the United States.

During the past year we adapted our techniques of gathering information on the labor force to the urgent task of locating the causes of unemployment and underemployment among the poor. This information is going to be highly pertinent to the development of programs in our States and cities. We are requesting funds to extend and further modify this effort so that a specific and accurate profile of the local labor force is available as the anti-poverty measures that have been set in motion begin to take specific direction in the hands of administrators at all levels of government.

Following careful study, which this committee supported, the Bureau has adopted new and more precise definitions of employment and unemployment. We used a special panel of 17,500 households to test these new definitions over the year. Now that the testing is completed, these households have been added to the basic 35,000 already in the survey to strengthen the sample base of this important measure of our economic well-being. The sharper definitions will assist public understanding of particular unemployment rates and will provide sharper analytical tools for identifying groups with employment problems.

We have carried forward the work of producing new standard consumer budgets, in which this committee has shown such great interest. As you know, the need for these is very great among State and local welfare agencies, which use them, and information on the scales employed, in establishing eligibility for various kinds of assistance. We also furnish them to many companies and private agencies for comparing living costs among the various cities. We have found the quantities of the items, collected additional price information, and are now computing the costs of the budget. Although it is too early to tell the

magnitude of the differences between these new budgets and their 1959 counterparts, by August 1967 we should begin publishing our findings.

We have reorganized our staff resources during the past year to adapt our talents to emerging statistical needs and strengthen our analytic effort. I have established the new positions of Chief Economist and Chief Statistician who will provide me with technical support to integrate our numerous surveys into a more coherent program. We have granted to our regional offices considerably wider latitude in setting and achieving their own goals. We are unifying our previously separated fact-gathering operations into a single cohesive unit. We have embarked upon an ambitious program of staff training, using a wide range of training techniques aimed at every level of education, interest, and experience. In the past year, for example, Bureau-sponsored night seminars were attended by 239 of our professional staff. We are deeply engaged in modernizing and improving our electronic data-processing operations into a single comprehensive system. From all of these management actions we hope to produce important results which will keep the Bureau of Labor Statistics in the vanguard of those who measure and appraise the Nation's growth. The increases we are requesting for the fiscal year 1968 will bring the estimated cost for operation of the Bureau of Labor Statistics to \$23,054,000, an increase of \$2,513,000 over the revised 1967 appropriation. Of this amount, \$281,000 is for mandatory increases. Program items, including \$58,000 for the funding of the Civil Defense function, previously funded by allocation from the Office of Emergency Planning, total \$2,232,000, and 135 positions.

MANPOWER AND EMPLOYMENT

The national commitment to reduce poverty has already been translated into a variety of programs which, like the Neighborhood Youth Corps, are designed to train and motivate disadvantaged people to earn their way into the mainstream of American economic life. As these programs have grown, the need for information has increased. We want to know exactly what kinds of barriers hamper the fullest use of our human potential. We need to know sufficient detail to give us a sound base for Federal, State and local administrators to use in overcoming these barriers.

We have already taken some steps which will enable us to diagnose the causes of poverty with greater precision, such as the new definitions of employment and unemployment which were officially adopted in January 1967. These new concepts will be more in line with public understanding of the terms. They will promote a better-informed opinion of the condition of the economy. The definitions will also permit us to follow the progress of important groups which have been heretofore lost in the aggregates. They will take us toward sharper appraisals of specific problems. But our proposed new survey will move in on poverty much more closely.

This proposal for expansion represents the natural evolution of Bureau programs to keep pace with the development of the economy. The kind of analytic work that has been undertaken by the Bureau in the last two years was useful in the development of programs to overcome particularly stubborn problems while the general level of economic well-being improved. For example, the six reports issued during the past year on the current manpower situation and outlook were widely used by agencies and corporations in planning for training and recruiting programs to overcome impending skill shortages. Our reports on the poverty neighborhoods and on chronic illness were also aimed at understanding the problems of specific groups within the labor force.

Now we need to expand and intensify this effort. We should be providing the people who administer anti-poverty programs enough information to permit them to tailor their programs to the needs of their own clientele. The lack of detailed information about employment and unemployment and its causes in urban areas has clouded the ability of local communities to adapt their programs to their specific needs. The Bureau is in an unusually strong position to support such local efforts by providing these details. The proposal provides an example of creative Federal, State, and local cooperation.

The probing interviews we propose to conduct in poverty neighborhoods will give us a set of measures of specific local needs. The cost of establishing this survey system in our program is estimated at \$1,000,000 for fiscal year 1968. Of this total, \$154,700 (20 positions) is for personal services. The present base for this program is \$2,591,000. They will provide the local, State, and Federal authorities with the essentials for charting the necessary steps.

PRICES AND LIVING CONDITIONS

As this committee has undoubtedly noticed economic conditions affect the way the public watches economic trends. When our price indexes were reflecting almost total price stability, few were concerned with minor fluctuations in the indexes themselves. When prices begin to rise at their recent rates, however, accuracy of the indexes becomes increasingly important, and public confidence in their reliability must be maintained. Thus, you will be considering our proposals for improving these indexes at a particularly critical time.

Price statistics now play a central role in the making of economic decisions. They tell us when our economy is reaching a danger point. As the economy approaches the maximum use of its resources, businessmen as well as government officials have a much greater need to detect small shifts in demand and supply pressures. These shifts are most rapidly and accurately reflected in price indexes. The financial and business community has therefore come to rely on the accuracy and reliability of the Bureau's price indexes, not only in setting their own pricing policies, but also in judging current and long-range deployment of their own resources.

We are proposing two improvements which will considerably strengthen our hand in assuring the reliability of these indexes. Another proposal would lay a much-needed foundation for the forthcoming revision of the Consumer Price Index. We are also proposing to advance our pricing research in the difficult but significant field of international price comparisons. Taken together, these four proposals are estimated to cost \$824,000, with 71 new positions. The financial summary gives the distribution of costs and positions among the items. The present base for these four price projects totals \$1,935,800.

The first of these four programs is aimed at improving our work in adjusting for changes in the quality of goods and services included in the Consumer Price Index. It has been the subject of a great deal of preliminary study. Product specifications are the basis for the decisions we make on how to adjust quoted prices for changes in the quality of products. They describe the product for which we seek to obtain a price. As new products come into the market at a faster rate, adequate product specifications are becoming increasingly difficult to maintain. Our work in taking account of changes made in the 1966 automobiles demonstrates some of the difficulties that face index-makers when a number of improvements are introduced simultaneously. We have similar problems involving a substantial number of product categories. Our tests indicate that while a single minor quality change may not have a significant effect upon the level of the overall index or its components, numerous small changes of this kind that are constantly taking place—as well as some larger changes—can have a significant cumulative effect. Our objective is to bring the index up to the standards of precision that are demanded of it.

Over the long run, the proposed study of the best methods of collecting and handling consumer expenditure data is fully as significant as our proposed improvements in making quality adjustments. Our surveys of the ways consumers spend their money provide the foundation for our periodic revisions of the Consumer Price Index. Using the surveys as our basic instrument, we bring up to date the market basket of goods and services in the index. The proposed study will increase the validity and accuracy of the survey instrument. It will also permit us to examine the feasibility of conducting consumer expenditure surveys annually.

A substantial body of research on consumer preferences offers promise that there are ways of improving our consumer expenditure data. For example, we want to give careful consideration to the choice of family member we interview, the type of questionnaire used, the time period the reports cover, and a number of other aspects of survey design. We want to investigate all possibilities carefully before deciding upon the most accurate and economical system for arriving at a new market basket.

Industry-sector indexes are a newer Bureau product. They were first published for 52 industries in 1965. Their importance has become rapidly established because other economic series are organized on an industry basis. Essentially, they are composite indexes made up of several series of prices that closely match the economic activity of a defined industry or sector. Price indexes organized in this way are particularly useful in studies of economic growth, productivity, and other types of analysis where the emphasis is on industrial structure as distinct from market or commodity-use classifications. They fill a number of important gaps left by wholesale price indexes. Eventually, we hope to extend industry-

sector indexes to about 525 industries in manufacturing, mining and agriculture and other subsectors. Our present proposal would add about 75 of these during fiscal year 1968. The indexes we plan to construct with these funds will provide information on industries for which price data has been almost completely lacking: shipbuilding, electronics, plastics, and aircraft. All of these are industries in which price information will be particularly valuable to Federal purchasing agencies.

Industry sector prices will be collected on the basis of the prices at which commodities are actually bought. Many of our wholesale price indexes are handicapped by the fact that our resources permit us to collect information only on the basis of manufacturer's list prices. List prices do not tell us when changes are made in discounts or terms of trade. For such commodities as metals, chemicals and machinery, these changes often represent the most common method of adjusting prices. Thus it is important that we obtain these data wherever possible. If we are enabled to collect the transaction prices, we will begin a systematic substitution of this more realistic transaction price for the current list price.

Our proposal in the field of international price competitiveness is to extend the work which has already been done during the past year by the Bureau in cooperation with the National Bureau of Economic Research. Under this program we would obtain prices for particular products rather than for entire product classes. The latter is now the only information available on trends of export and import prices. In general, the former is the preferred method, but it is more difficult to maintain.

Indexes of this kind will permit us to compare the relative movement of international prices. We will then be able to observe the direction of prices in the United States as compared to the affected foreign countries. This information is particularly useful in connection with tariff negotiation and related questions. To compare the level of prices at a particular point in time, we will also embark under this proposal on a program of the collection of directly comparable prices. When these two tasks are completed the Nation's industries will be in a better position to know how their products will fare in competition with other countries.

WAGES AND INDUSTRIAL RELATIONS

Greater public concern with the level of collective bargaining settlements, a more active mediation policy and the increasing complexity of bargaining have all lent additional importance to the Bureau's recent work in the field of wages and industrial relations. We have increasingly served labor and management by providing comparative information on wage settlements and other detail relevant to their bargaining.

We have initiated several projects which will further strengthen our ability to assist the parties and the Government in settling on bargains which take into account the public interest. We have made progress, for example, in the difficult field of pricing out the cost of package wage and fringe benefit settlements. This is intricate work, often affected by the eligibility requirements established under the plan, the composition of bargaining units, the timing of increases, and several other factors. Last year we were also authorized to increase the scope of our program for surveying employer expenditures for the entire range of supplementary benefits. We will soon be visiting employers to obtain their cooperation in this expanded program.

We are asking you to approve two proposals that will significantly increase the amount of information available on wage and benefit practices that prevail in industry. This added information will permit employers and unions to base their decisions on a wider fact base. Our first proposal will make possible a more accurate charting of wage changes in the nonmanufacturing segment of the economy. The second will provide extensive and detailed new studies of the operations of employee benefit plans. Together, these programs are estimated to cost \$350,000 (39 positions) over a base of \$67,500.

The private and public policy issues associated with major collective bargaining situations in recent years have proved that information is vitally needed on characteristics of changes in wages. By themselves, data on levels of compensation are inadequate. The Bureau's current program is geared to meet these needs insofar as manufacturing industries are concerned. However, the nonmanufacturing sectors of the economy are increasingly important in both public and private policy and represent areas where relatively little factual information on wage changes is now available. Nonmanufacturing industries are characterized

by the number of small firms in many specific industries, by differences in traditions and practices that affect wage determinations, and by a relatively smaller degree of unionization, as compared with manufacturing. We know that the adjustments made in nonmanufacturing establishments have an increasingly significant impact on the level of wages and prices in the economy. We propose to remedy this information lack by surveying nonmanufacturing employers, semi-annually, directly through mail questionnaire. This proposal would establish 24 new positions and cost \$200,000.

Our second proposal would substantially expand much-needed information on employee benefit plans. The Congress has long recognized the implications of the characteristics and operations of these plans for the public welfare. During the past session, three Congressional committees held hearings on various aspects of private pension and welfare plans. The economic effect of the plans, their relationship to the Social Security program, and the practices of plan administrators were all the subject of close scrutiny. The importance of these considerations was also brought out in the 1965 report of the President's Committee on Corporate Policy and Private Pension Programs and Other Private Retirement and Welfare Programs, which stressed the need for additional studies of pension plan operations. To accomplish this study will require an additional 15 positions and \$150,000.

The Bureau's proposals are based on considerable experience in serving the diverse clientele whose interests are affected by the operation of employee benefit plans. For many years, we have provided factual studies summarizing the important provisions of benefit plans. We have not been able, however, to study the actual operations of such plans. An important part of our proposal would permit us to compare actual benefits received with the formal provisions of the plans. Other subjects for study will include conditions under which plans are terminated, the methods used for financing, and various aspects of plan administration. We also want to examine the relationship of the private welfare systems to public programs. The resulting studies will provide actuaries, plan administrators, employers and unions with a comprehensive set of reports describing the operations of this rapidly developing private system.

AMOUNT OF INCREASE

Mr. Ross. I will confine myself to a brief comment.

Senator HILL. Tell us why the increase over this year.

Mr. Ross. Yes, sir.

The increase amounts to \$2.5 million, approximately. It is in three main areas.

PROGRAM FOR MEASURING MANPOWER PROBLEMS IN LOCAL AREAS

The first is a major program for measuring manpower problems in local areas. Secretary Wirtz emphasized yesterday that the manpower measurements up to now have related to a national program, but now the problems are becoming more and more concentrated in specific areas. We have to move in and pinpoint the reason why there are so many people in a period of high employment who are not making a productive contribution to find out what the barriers are and to determine what is necessary to bring them productively into the economy.

WHOLESALE AND CONSUMER PRICE INDEXES

The second group of requests are in the field of our wholesale and consumer price indexes. With the greater concern about inflation as well as the greater concern about competitiveness in the world economy, some of the deficiencies and gaps in our price indexes have come to our attention in recent years and there has been widespread support from the Joint Economic Committee, from expert committees on price statistics, and from industry and labor for better measurements of price movement.

This year we are proposing important programs to improve the measurement and make adjustments for quality changes in the Consumer Price Index, to expand our program for industry sector indexes so as to put prices on the same basis as other economic statistics, to provide for measurement of international price trends, and comparison of international price levels as between American products and competing foreign products and finally to improve the methods of making consumer expenditure surveys in connection with the regular updating of the Consumer Price Index. The consumer expenditure survey is a \$3 million job which has to be done within the next couple of years. We believe we can make a lot of savings and improvements in the techniques.

Senator HILL. You think you can make savings and improvements in the techniques?

Mr. Ross. Yes, sir.

There have been many investigations in universities and among market research organizations in measurement of expenditures and we think that we can update our techniques.

FIELD OF COMPENSATION

Finally, Mr. Chairman, we have two requests in the field of compensation. The one which is of great interest to the labor movement and to industry as well as to the Government agencies concerned with collective bargaining is that we develop measures of wage changes in the nonmanufacturing industries.

Up to now our measurements of wage changes have only been in manufacturing but, as you know, sir, about 75 percent of all workers are employed outside of manufacturing now. So we think it is very important to cover the economy more fully in this significant field of wage changes.

Then we have a smaller request for a program of information and analysis in the field of employee benefit plans particularly the private pension plans.

PENDING BILLS

As you undoubtedly know, there are bills before Congress now relating to private pension plans. The people in industry who are concerned with these are desirous of trying to handle the problem as much as they can on their own. We have proposed a program of information on the administration of private pension plans, the termination of plans, their operation, their financing, all the data which must be supplied to industry as well as Congress.

That is a summary of our requests, Mr. Chairman.

Senator HILL. As I said, back in the old days when we had a great deal of contention between management on one side and labor on the other they all strongly supported the Bureau of Labor Statistics.

Mr. Ross. That is our fundamental strength.

Senator HILL. You certainly seem to be doing a good job.

Mr. Ross. Thank you very much, sir.

Senator HILL. Have you anything to add?

Mr. MYERS. No.

Senator HILL. We want to thank you both very, very much.

Mr. Ross. Thank you, Mr. Chairman.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

SALARIES AND EXPENSES

STATEMENT OF GEORGE L-P WEAVER, ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS

APPROPRIATION ESTIMATE

BUREAU OF INTERNATIONAL LABOR AFFAIRS

SALARIES AND EXPENSES

For expenses necessary for the conduct of international labor affairs, **[\$1,230,000] \$1,463,000.**

Salaries and expenses, Bureau of International Labor Affairs

	Budget request	Budget estimate	House allowance	Senate allowance	Appropriation
1962.....	\$634,900	\$510,000	\$444,000	\$510,000	\$500,000
1963.....	2,504,000	975,000	808,750	808,750	808,750
1964.....	1,030,000	935,000	882,000	842,000	842,000
1965.....	920,800	888,500	881,500	881,500	881,500
1966.....	1,161,700	1,219,000	1,219,000	1,219,000	1,219,000
1967.....	1,365,000	1,230,000	1,230,000	1,230,000	1,230,000
Supplemental transfer for pay costs.....	32,000	20,000	-----	-----	-----
1968.....	1,987,000	1,463,000	-----	-----	-----

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$1,230,000	\$1,463,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504, effective July 3, 1966).....	+20,000	-----
Comparative transfer to the Office of the Secretary for centralized audit and systems functions.....	-9,000	-----
Comparative transfer from "Salaries and expenses, Bureau of Employment Security," for trade adjustment assistance.....	+100,000	-----
Appropriation or estimate, revised.....	1,341,000	1,463,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
1. International organizations affairs.....	11	\$147, 000	11	\$150, 200	-----	+\$3, 200
2. Foreign labor policy development.....	21	269, 900	26	375, 000	+5	+105, 100
3. Labor and manpower technical services.....	8	119, 800	8	122, 600	-----	2, 800
4. Trade negotiations and economic policy development.....	27	462, 400	27	466, 700	-----	+4, 300
5. Administration and management services.....	26	341, 900	26	348, 500	-----	+6, 600
Total obligations.....	93	1, 341, 000	98	1, 463, 000	+5	+122, 000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	93	98	+5
Positions other than permanent.....	1	1	-----
Average number of all employees.....	83	88	+5
11 Personnel compensation.....	\$996, 000	\$1, 033, 700	+\$37, 700
12 Personnel benefits.....	75, 000	78, 000	+3, 000
13 Benefits for former personnel.....	4, 800	4, 800	-----
21 Travel and transportation of persons.....	64, 100	70, 100	+6, 000
22 Transportation of things.....	100	100	-----
23 Rent, communications, and utilities.....	32, 300	32, 300	-----
24 Printing and reproduction.....	20, 100	23, 100	+3, 000
25 Other services.....	64, 000	95, 300	+31, 300
Services of other agencies.....	48, 700	98, 700	+50, 000
26 Supplies and materials.....	24, 000	24, 000	-----
31 Equipment.....	11, 900	2, 900	-9, 000
Total obligations.....	1, 341, 000	1, 463, 000	+122, 000
Working capital fund items included above.....	(77, 300)	(75, 400)	(-1, 900)

Summary of changes

1967 enacted appropriation-----	\$1, 230, 000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)-----	+20, 000
Comparative transfer to Office to the Secretary ¹ -----	-9, 000
Comparative transfer from "Salaries and expenses," Bureau of Employment Security, for Trade Adjustment Assistance ² -----	+100, 000
1967 appropriation, revised-----	1, 341, 000
1968 estimate-----	1, 463, 000
Total change-----	+122, 000
Mandatory items:	
Increases:	
Net additional cost to restore pay cost absorbed in 1967-----	+15, 000
Net additional cost of within-grade promotions effective for part year in 1967-----	+11, 200
Net cost of within-grade promotions becoming effective in 1968-----	+8, 900
Decreases: Nonrecurring extra day of pay for current year staff--	-4, 100
Subtotal, mandatory items-----	+31, 000
Program items:	
Increases: To expand foreign labor policy development to include assistance in improving labor-management relations of U.S. firms overseas (5 positions, \$45,100; nonlabor, \$54,900) -	
	+100, 000
Decreases:	
Nonrecurring equipment costs for new positions in 1967----	-9, 000
Subtotal, decreases-----	-9, 000
Subtotal, program items-----	+91, 000
Total change-----	+122, 000

¹ For centralized audit and systems functions.² This comparative transfer includes 8 positions.

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5		Total	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Net pay increase costs.....	-----	\$1,900	-----	\$2,200	-----	\$1,500	-----	\$4,400	-----	\$4,100	-----	\$15,000
Net additional cost of within-grade promotions effective for part-year in 1967.....	-----	1,300	-----	2,300	-----	1,100	-----	3,300	-----	3,000	-----	11,200
Net within-grade promotion costs initially effective in 1968.....	-----	1,100	-----	1,800	-----	900	-----	2,600	-----	2,400	-----	8,900
Nonrecurring extra day of pay for current year staff.....	-----	—500	-----	—900	-----	—400	-----	—1,200	-----	—1,100	-----	—4,100
Total.....	-----	3,700	-----	6,700	-----	3,100	-----	9,100	-----	8,400	-----	31,000

Explanation of mandatory changes for 1968

Increases: To restore pay costs absorbed in 1967-----	\$15,000
<hr/>	
Within-grade promotion costs:	
1968 net additional cost of within-grade promotions effective for part year in 1967-----	+16,500
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Personnel compensation-----	\$15,840
Deduct lapse-----	—540
Personnel benefits-----	1,200
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Net cost-----	16,500
Absorption of a portion of above increases-----	—5,300
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1967 adjusted net additional cost of within-grade promotions effective for part year in 1967-----	11,200
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Net cost of within-grade promotions becoming effective during 1968-----	+8,900
Personnel compensation-----	8,544
Deduct lapse-----	—244
Personnel benefits-----	600
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Net cost-----	8,900
Absorption of a portion of above increases-----	0
<hr/>	
1968 adjusted net cost of within-grade promotions becoming effective during 1968-----	8,900
Decreases:	
Nonrecurring extra day of pay for current year staff-----	—4,100
<hr/>	
Total, mandatory items-----	+31,000

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, \$1,033,700

This estimate provides for 98 positions and 88 man years of employment. This represents mandatory increases of \$18,700 for within-grade promotion costs, and \$13,900 for pay increase costs absorbed in 1967, and a mandatory decrease of \$3,800 for one less day of pay. It also provides for a program increase of 5 positions, 3.6 man years, and \$41,500 for foreign labor policy development.

Includes a decrease of \$35,400 to meet the limitation on average compensation established by the Bureau of the Budget.

Personnel benefits, \$78,000

This estimate is based upon 7.5 percent of net personnel compensation and provides for the following items:

	1967	1968	Change
Contributions to CSC retirement fund	\$65,800	\$68,500	+\$2,700
Employees group life insurance	3,200	3,300	+100
Employees health benefits	5,000	5,200	+200
FICA deductions	200	200	-----
Incentive awards	800	800	-----
Total	75,000	78,000	+3,000

Benefits for former personnel, \$4,800

This amount is required to provide personnel benefits for former employees currently serving with international organizations. The estimate covers the following items:

	1967	1968	Change
Contributions to CSC retirement fund	\$3,800	\$3,800	-----
Employees group life insurance	400	400	-----
Employees health benefits	600	600	-----
Total	4,800	4,800	-----

Travel and transportation of persons, \$70,100

This estimate provides for domestic and international travel of area or functional specialists, consultants, and experts. It also provides for transportation of technical advisers to international conferences.

	1967	1968	Change
Number of travelers	51	54	+3
Number of days traveled	1,000	1,050	+50
Estimated cost	\$64,100	\$70,100	+\$6,000

Transportation of things, \$100

This estimate provides a minimum amount for shipment of household goods.

1967	\$100
1968	100
Change	---

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Rent, communications and utilities, \$32,300

This estimate provides for the following items :

	1967	1968	Change
Telephone rental, etc.....	\$3,600	\$3,600	-----
Teletype and telegrams.....	2,600	2,600	-----
Paid official mail.....	1,600	1,600	-----
Rents and utilities.....	5,100	5,100	-----
Working capital fund.....	19,400	19,400	-----
Estimated cost.....	32,300	32,300	-----

Printing and reproduction, \$23,100

This estimate provides for the following items :

	1967	1968	Change
Publications: "International Labor".....	\$3,600	\$6,000	+\$2,400
Miscellaneous printing (pamphlets, translated materials, etc.)..	2,400	5,400	+3,000
Working capital fund.....	14,100	11,700	-2,400
Estimated cost.....	20,100	23,100	+3,000

Other services, \$95,300

This estimate provides for the following items :

	1967	1968	Change
Machine and miscellaneous repairs.....	\$4,000	\$4,000	-----
Moving and storage.....	2,900	2,900	-----
Training programs.....	6,300	6,300	-----
Conferences and seminars.....		4,000	+\$4,000
Building maintenance and alterations.....	1,700	1,700	-----
Miscellaneous machine tabulations.....	25,000	25,000	-----
Working capital fund.....	24,100	27,000	+2,900
Other.....		24,400	+24,400
Estimated cost.....	64,000	95,300	+31,300

Includes an increase of \$24,400 to offset the decrease in object 11 resulting from the limitation on average compensation. The increases for conferences and seminars and for Working Capital Fund relate to the new program for Overseas Labor-Management Relations.

Services of other agencies, \$98,700

This estimate provides for the following items :

	1967	1968	Change
Security investigations.....	\$6,600	\$6,600	-----
Translations.....	3,100	3,100	-----
Statistical research—Bureau of Labor Statistics.....	39,000	39,000	-----
Research on oversea labor problems—BLS and LMSA.....		39,000	+\$39,000
Other.....		11,000	+11,000
Estimated cost.....	48,700	98,700	+50,000

Includes an increase of \$11,000 to offset the decrease in object 11 resulting from the limitation on average compensation.

Supplies and materials, \$24,000

This estimate provides for the following items:

	1967	1968	Change
Subscriptions and miscellaneous supplies.....	\$4,300	\$6,700	+\$2,400
Working capital fund.....	19,700	17,300	-2,400
Estimated cost.....	24,000	24,000	-----

Equipment, \$2,900

This estimate reflects a decrease of \$9,000 for non-recurring equipment purchases.

1967	\$11,900
1968	2,900
Change.....	-9,000

Summary of new positions

	Number	Grade	Amount
Activity 2. Foreign labor policy development:			
Program Supervisor.....	1	GS-15	\$17,550
International Relations Officer.....	2	GS-13	25,746
Secretary.....	1	GS-6	5,867
Secretary.....	1	GS-5	5,331
Grand total.....	5	-----	54,494

PREPARED STATEMENT

Senator HILL. Secretary Weaver.

All right, Mr. Secretary. We are glad to have you here, sir, and you may proceed in your own way.

Mr. WEAVER. Mr. Chairman, I am accompanied by Mr. Weiss with whom you are familiar.

Senator HILL. Yes, I know him well.

Mr. WEAVER. Sir, since you are familiar with our program may I suggest filing my statement?

Senator HILL. We will have it appear in full in the record, sir.

(The statement follows:)

Mr. Chairman and Members of the Committee: I am pleased to have the opportunity to again present the international labor program of the Department of Labor for 1968.

Mr. Chairman, I have the responsibility within the Department of Labor for policy guidance and coordination of all Department activities related to international labor affairs. For 1968, the Bureau of International Labor Affairs' request totals \$1,463,000 and 98 positions. This total represents a net increase of \$122,000 over the adjusted estimate for 1967 of \$1,341,000. The increase is mainly for a new program concerned with the labor management relations of U.S. firms overseas. The Secretary and I consider this new program to be a matter of urgency for the U.S. I will discuss it in detail later in this statement. The adjusted estimate for 1967, in turn, represents a net increase of \$111,000 over the 1967 appropriation. Almost all of this latter increase is a transfer of the appropriation for trade adjustment assistance from the Bureau of Employment Security appropriation for 1967.

The first area I would like to discuss concerns our over-all foreign economic policy and its domestic implications in the labor area with particular reference

to trade negotiations, the long-term cotton textile arrangement, and trade adjustment assistance.

The Trade Expansion Act of 1962 contains the basic trade policy of the United States. The statute seeks to promote the general welfare, foreign policy and security of the United States through International trade agreements and through adjustment assistance of domestic industry, agriculture, and labor. The Secretary of Labor is assigned specific responsibilities under Sections 222 and 242 and Title III of the Act.

The Kennedy Round of tariffs and trade negotiations has been the principal governmental activity under the Trade Expansion Act. It was undertaken by the United States out of the conviction that a reciprocal, world-wide reduction of barriers to expanded trade would benefit the American economy, promote employment opportunities and contribute to an improved International climate. Throughout the negotiation, the United States has given major emphasis to proposals which would result in increased American exports and maximize benefits to American workers.

The Department of Labor has had the particular responsibility for providing advice as to the impact on employment, on labor standards, and on relatively depressed areas of the United States of changes in the tariff and trade structure here and abroad.

The Kennedy Round is now in its final stages and it is our expectation that it will be concluded in the spring of this year. That is the schedule which has been agreed by all participants. From the viewpoint of the United States, there is urgency in this schedule since the President's authority to reduce tariffs expires at the end of June 1967. (The provisions of the Trade Expansion Act relating for example to adjustment assistance, national security, and orderly marketing arrangements—remain in force.) Other countries share our sense of urgency about the Kennedy Round.

I should say that the bold, imaginative concept of a 50 percent across-the-board reduction in trade barriers will not be achieved. But a significant reduction in many areas appears likely. The key problem in the Kennedy Round for us has been to ensure expanded access to the European Economic Community (the Common Market) for U.S. Industrial and agricultural goods. For its part, the European Economic Community struggling with the many complex internal problems relating to the integration of the economies of six countries, has found it difficult to arrive at common decisions in the trade field.

In the final stages of the Kennedy Round, the United States will be making a critical examination of the offers of its major trading partners and will tailor its own final offers to assure that reciprocity and mutual benefits have been achieved. The Labor Department has assigned a senior staff expert to the Kennedy Round delegation in Geneva and the Department's Washington staff, from all bureaus, is assisting in the analysis of the employment impact of proposed offers of the United States and other countries.

Looking towards Fiscal Year 1968 and the tariff reductions which may come in force then, it is reasonable to anticipate that there will be increased activity with respect to escape clause requests and other adjustment assistance. We are aware that thus far there have been no petitions approved under the provisions of the Trade Expansion Act relating to adjustment assistance for firms or groups of workers. It is generally recognized that the standards with respect to firms and workers have proved to be more rigid than was intended. A good case can be made for changes in those standards, and we expect that proposals along these lines will be given consideration later this year.

The achievement of an adequate rate of self-sustaining growth in the less-developed countries is among the world's most pressing economic problems. It spills over into all of the political and economic organizations of the world from the United Nations Conference on Trade and Development (UNCTAD) to the International Labor Organization. Trade, along with aid, is a key element in achieving this goal and in creating world stability. In practical terms trade means increased access to the markets of the industrialized countries. The conditions of this access will be a major theme of the second United Nations Conference on Trade and Development now scheduled for the spring of 1968. The preparation for this Conference, the creative planning for the United States response to the real needs of the developing countries will be an important activity during Fiscal Year 1968.

In approaching this problem, we must also bear in mind that increased imports from developing countries, where labor costs are lower, may, in some cases, bring actual or threatened disruption to markets in the United States. Textiles is a case in point.

In the textile area, we have a multilateral Long Term Cotton Textile Arrangement (LTA) which provides for orderly growth of trade in cotton textiles in a manner which avoids disruption of the U.S. market. Almost all of our cotton textile imports are controlled under this Arrangement, which we anticipated will be extended to run through September 1970. Some 20 bilateral agreements have been negotiated under the Long Term Cotton Textile Arrangement and a very high level of negotiating activity is expected to continue into the foreseeable future.

The Department of Labor is a major participant in the interagency committees which conduct this program, since some 2.5 million U.S. workers are employed in the textile and apparel industries. A management-labor advisory committee on which all the textile trade unions are represented meets regularly with the inter-agency committee to provide advice on the program.

The growth of imports of wool textiles and man-made fiber textiles poses problems which are currently being given the most intensive consideration.

The Automotive Products Trade Act of 1965 has provided an opportunity to demonstrate that adjustment assistance can work effectively to deal with particular case of dislocation. The standards for determining eligibility for adjustment assistance are different in the Automobile Products Act from those in the Trade Expansion Act. The three-man Automobile Adjustment Assistance Board, chaired by the Secretary of Labor, has received and acted favorably upon four petitions filed on behalf of approximately 1,600 U.S. workers. A number of additional cases are now pending. In Fiscal Year 1968, the workload is expected to increase, as the process of rationalization continues and the forecasted decreased in automobile sales materializes.

Mr. Chairman, I now would like to turn to an item representing the expansion of our program for 1968. Our request for \$100,000 would provide five additional positions in the Bureau of International Labor Affairs to assist in the improvement of labor-management relations of U.S. firms overseas. A few statistics would tend to establish the scope of the problem. Approximately 9,000 foreign business enterprises overseas are controlled by U.S. corporations. Approximately 3,400,000 foreign nationals are employed in these enterprises and about 750,000 of these are located in developing countries. Here is a vital point of contact with peoples in other nations. In the mind of the worker, the entire "image" of the United States may come into focus in the business enterprise in which he is employed. Unfortunately, the foreign worker's reaction to the U.S. enterprise is not always good. Exploitation by anti-U.S. elements overseas of problems in the area of labor-management relations to the disadvantage of the United States are all too common.

An inter-agency group composed of the Departments of Labor, Commerce, and State and the Agency for International Development, jointly made a study to determine causes of reported labor-management difficulties of U.S. employers in developing countries. Out of this study, it was agreed that the Department of Labor should develop an action program in collaboration with the Departments of State and Commerce.

Our initial request is primarily for research to develop the knowledge needed on the subject and to initiate a modest program of education of American management to minimize difficulties and thus improve the American image in these countries. The research would seek to (1) publish current data on labor legislation, customs and conditions overseas; (2) prepare articles for publication on labor problems encountered by U.S. firms overseas; and (3) develop a series of case studies relating to the experiences of U.S. firms overseas.

May I now touch briefly on some of our other ongoing programs. The first is our work in connection with U.S. participation in the United Nations family and other intergovernmental organizations.

For example, I am the U.S. representative on the Governing Body of the International Labor Organization and head the U.S. Delegations to the Annual Conference of the International Labor Organization and to the periodic meetings of its Governing Body. The International Labor Organization is particularly active in setting standards for wage earners in conducting research on working conditions and in providing technical assistance to promote economic and social development. The International Labor Organization is a tripartite organization, composed of Government, worker and employer delegates. Though the U.S. employer and worker delegates are independent and have a full vote in the meetings, they are consulted regularly by the Government delegates during all preparatory stages in order to maximize, to the extent practicable, the U.S. effectiveness in the International Labor Organization. The technical and substantive sup-

port for the U.S. representatives to the International Labor Organization is provided by the Bureau of International Labor Affairs which in turn draws as necessary on the resources of the other offices of the Department.

One of our newer and more successful programs for utilizing the technical resources of the Department of Labor in support of U.S. Government overseas programs is the Department of Labor International Technical Assistance Corps (DOLITAC). Under financing by the Agency for International Development, DOLITAC is providing assistance in such fields as manpower and labor ministry administration, labor standards, labor statistics, and labor-management relations. The services rendered include recruitment and training preparation of technical materials for use abroad, and development of specific technical assistance programs for developing countries. During the first half of the current fiscal year, 50 overseas technical assistance assignments in 16 different developing countries were handled through the Department of Labor International Technical Assistance Corps.

Many of the problems faced by the United States Internationally in labor as in other fields can only be understood and resolved from the perspective of knowledge about the conditions in the region or country in which they arise. The Bureau of International Labor Affairs includes a small staff of specialists who follow trade union and other labor developments in various parts of the world and consult and advise with regional experts in other agencies concerned with the formulation of U.S. policy. The area specialists serve as key points of communication with U.S. labor attaches abroad and with foreign labor attaches stationed in the United States. In this manner, they contribute to a better understanding of the forces which are shaping the world of today and the world of tomorrow.

In closing, Mr. Chairman, may I risk asserting a truism to say that the winds of change are indeed loose in the world. We are confident that the forces of freedom and democracy will prevail but we must face up to the urgent aspirations of workers throughout the world who are seeking living wages and a chance to enjoy the abundance which modern technology has brought within reach. Our programs in the international labor field are aimed at understanding and responding to these aspirations in a manner which will best advance the interests of our great nation.

Mr. Chairman, if you wish, I shall discuss our special foreign currency request now and later respond to questions which you and other Members of the Committee may have on both requests.

LABOR MANAGEMENT RELATIONS OF U.S. OVERSEAS FIRMS

Mr. WEAVER. If I might summarize, for 1968 we are requesting \$1,463,000 for 98 positions which represents 88 man-years, a net increase of \$122,000 over the adjusted estimate for 1967. This includes, sir, \$100,000 for a new program concerned with labor-management relations of U.S. firms overseas which the Secretary referred to yesterday.

Senator HILL. Yes.

Mr. WEAVER. If I might just elaborate a bit on the Secretary's testimony.

Senator HILL. All right, sir.

Mr. WEAVER. This new program is designed to help American firms overseas to improve their labor-management relations and the primary purpose is to improve the image of the United States abroad, particularly in the developing countries, and to avoid as much as possible the exploitation of anti-United States sentiment.

There are, Mr. Chairman, 9,000 foreign business enterprises controlled by U.S. firms which employ some 3.4 million workers operating abroad. The initial stages of the new program will be research on the basic data and the beginning of an educational effort for industry.

I might add that all of the Government agencies concerned with overseas activities consider this to be a necessary and desirable pro-

gram. It grew out of a joint study conducted by the Departments of Labor, Commerce, and State and the AID administration. Our next step is to get this program underway to provide additional research as well as develop educational materials for those firms operating overseas, who desire it.

I might add, sir, that we did find in this study that the overwhelming majority of U.S. employers operating abroad have working conditions and rates of pay far superior to those of other corporations operating in the same environment but it is the few that can give us a black eye and do quite often.

Senator HILL. I understand.

Mr. WEAVER. This, sir, is a brief summary of the new program for which we are asking additional funds.

Senator HILL. It is this small number that you have to check and doublecheck, is that right?

Mr. WEAVER. That is right, sir.

Senator HILL. Which you are doing now?

Mr. WEAVER. Yes, to a very limited extent, but we find that there is a desire on the part of the home offices here in the States for the kind of service that I think that we can provide for them.

Senator HILL. You have received pretty good cooperation?

Mr. WEAVER. So far, yes, sir.

Senator HILL. That is good.

Is there anything you would like to add, sir?

Mr. WEISS. No, sir.

SPECIAL FOREIGN CURRENCY PROGRAM

APPROPRIATION ESTIMATE, SPECIAL FOREIGN CURRENCY PROGRAM

For payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States, for necessary expenses of the Bureau of International Labor Affairs, as authorized by law, \$75,000, to remain available until expended: *Provided*, That this appropriation shall be available, in addition to other appropriations to such agency for payments in the foregoing currencies.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$75,000	\$75,000

Obligations by activity

Description	Appropriation, 1967		Estimate, 1968		1968 change	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
1. Labor attaché conferences.....		\$75,000		\$75,000		
Total obligations.....		75,000		75,000		

Obligations by object

	Appropriation, 1967	Estimate, 1968	1968 change
21 Travel and transportation of persons.....	\$75,000	\$75,000	-----
Total obligations.....	75,000	75,000	-----

SPECIAL FOREIGN CURRENCY PROGRAM

The Department of Labor requests a special foreign currency appropriation of \$75,000 for the purchase of foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States. Countries now in the excess category include the following:

Burma	India	Tunisia
Ceylon	Israel	UAR
Congo	Pakistan	Yugoslavia
Guinea	Poland	

Activity 1. Labor attaché conferences (1967, \$75,000, positions, 0; 1968, \$75,000, positions, 0)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the convening of labor officer conferences, either on a regional or on an intra-regional basis. The purpose of these conferences is to provide overseas labor officers policy guidance in sensitive areas and to give them a current understanding of domestic labor programs in the United States so that they can interpret these programs in the countries in which they are stationed.

PROGRAM ACTIVITY AND ACCOMPLISHMENT

During the Fiscal Year 1967, the first of a new series of regional labor officer conferences was held in New Delhi, India. This conference was arranged jointly by the Departments of Labor and State and funded through the purchase of foreign currencies determined to be excess to the normal requirements of the United States. This conference was attended by a total of 37 individuals of whom 22 were labor officers from 15 Asian and Near East posts. The Washington group at the conference was headed by the Secretary of Labor.

The following topics illustrate matters which were found of substantial importance to labor officers overseas:

Labor-management relations of U. S. firms operating overseas.

Future of the International Labor Organization and its relationship to other United Nations agencies.

U. S. policy toward trade unions in developing countries.

Sino-Soviet policies and programs as they affect the labor field.

Developments in the United States in the field of labor-management relations and in the manpower field.

The Secretary of Labor was particularly impressed with the number of problems in the labor-management field in which the labor attaches and American missions overseas necessarily became involved. This discussion confirmed his belief that the image of the United States overseas can be greatly improved through better labor-management practices of U. S. firms operating overseas.

It is anticipated that in the spring of Fiscal 1967, an additional conference for labor officers from Africa and/or from Western Europe will have been planned for. Because it is necessary to fund this conference from excess foreign currencies, it will be necessary to make a careful exploration of the most effective place to hold such a conference among the countries in which excess foreign currencies are available.

It is proposed that a similar approach be made for Fiscal Year 1968, to permit orderly planning for future regional and intraregional conferences of labor officers. The New Delhi Conference demonstrated the great value, both to labor officers stationed overseas and to Washington officials, possible from a mutual exchange of information and ideas on recent developments in the United States and problems of labor officers overseas. It is necessary periodically to bring labor officers up to date on developments in the United States in order to make effective

spokesman for the United States among government, labor, trade union officials, and others with whom they are in constant contact.

Explanation of estimate by object

Travel and transportation of persons..... \$75,000

This estimate provides for transportation and related costs of Labor Attaches, Labor Reporting Officers, and other governmental labor officials to regional labor attache conferences.

	1967	1968	Change
Number of travelers.....	85	85	-----
Number of days traveled.....	935	935	-----
Estimated cost.....	\$75,000	\$75,000	-----

Senator HILL. You have another account on the special foreign currency program.

(The statement follows:)

Mr. Chairman, our request for Fiscal Year 1968 is for \$75,000 for the purchase of foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States. This is the same amount which the Congress appropriated for Fiscal Year 1967.

The appropriation for 1967 was the first special foreign currency appropriation made available to the Department of Labor. Through this appropriation, the Departments of Labor and State jointly arranged for regional labor officer conferences for the first time since 1961. The first in this new series of regional labor officer conferences was held in New Delhi, India last December. Of the total of 37 individuals attending, 22 were labor officers from 15 Asian and Near East posts. The Washington group was headed by the Secretary of Labor.

One of the items on the conference agenda concerned labor management relations of U.S. firms operating overseas. The Secretary made reference to this item in his statement, and I spoke about the importance of this program expansion in our salary and expense request. The Secretary came away from these meetings with the conviction that the image of the United States overseas could be greatly improved through better labor management practices of U.S. firms overseas.

The discussion among the attending labor officers and with the representatives of the Departments of Labor and State on such other agenda items as (1) future of the international Labor Organization and its relationship to other U.N. agencies, (2) developments in the U.S. in the field of labor management relations and in the manpower field, (3) Sino-Soviet policies and programs as they affect the labor field, and (4) U.S. policy toward trade unions in developing countries were intense and provoking. In addition, the Labor Attaches had an opportunity to discuss their problems with Washington officials. The interest of all participants, the exchange of ideas and experiences demonstrated the value of meetings of this type overseas.

We are now concerned with the planning for additional conferences for labor officers from Africa and/or from Western Europe. The need to fund these conferences from excess foreign currencies requires a careful exploration of the most effective place where such excess currencies are available.

Our request for 1968 for \$75,000 will permit orderly planning for future conferences. To a great extent, the timing and location of conferences under the 1968 program will be influenced by the experience we have under the 1967 appropriation.

Mr. Chairman, this concludes my presentation; and I will be glad to attempt to answer any questions which you or other members of the Committee might have on our direct appropriation request or our special foreign currency request.

FINANCING OF REGIONAL CONFERENCES

Mr. WEAVER. The request on special foreign currency, Mr. Chairman, is the same amount as last year for the purchase of excess foreign currency in the amount of \$75,000.

Senator HILL. The same amount?

Mr. WEAVER. Yes, sir, and this appropriation will be used primarily to finance regional conferences for labor officers if the Congress grants it.

NEW DELHI CONFERENCE

As the Secretary indicated yesterday the first such conference was held in New Delhi last December which was attended by the Secretary and included 22 labor officers from Asia and the Near East.

Senator HILL. Those conferences ought to be pretty interesting, aren't they?

Mr. WEAVER. They are pretty interesting and we think very valuable. For example, the New Delhi Conference represented the first time in 15 years that we have been able to bring the labor attachés from the Far East together. The last was in 1951.

Senator HILL. When do you expect to hold your next conference.

Mr. WEAVER. That is a problem. We have to hold them in countries where there are excess currencies and we are now exploring the possibility of holding the next one in Tel Aviv for European labor officers.

Senator HILL. Do you think the Syrians will let you come in?

Mr. WEAVER. I hope so.

Senator HILL. We want to thank you very much.

Mr. WEAVER. Thank you, sir.

Senator HILL. We certainly appreciate it very, very much.

OFFICE OF THE SOLICITOR, SALARIES AND EXPENSES
STATEMENT OF CHARLES DONAHUE, SOLICITOR

APPROPRIATION ESTIMATE

OFFICE OF THE SOLICITOR, SALARIES AND EXPENSES

For expenses necessary for the Office of the Solicitor, **[\$5,451,000]** \$5,741,000, together with not to exceed **[\$140,000]** \$144,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$5,591,000	\$5,885,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504, effective July 3, 1966).....	140,000	-----
Proposed supplemental for pay increases (Public Law 89-504, effective July 3, 1966).....	4,000	-----
Comparative transfer to the Office of the Secretary for centralizing audit and systems functions.....	-16,000	-----
Estimated program supplemental to be transferred from "Unemployment compensation for Federal employees and ex-servicemen".....	8,000	-----
Appropriation or estimate, revised.....	5,727,000	5,885,000

Obligation by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. (a) Litigation.....	43	\$565,700	44	\$580,700	+1	+\$15,000
(b) Interpretations and opinions.....	58	720,700	59	737,900	+1	+17,200
(c) Wage determinations.....	91	897,300	91	904,000	-----	+6,700
(d) Legislation.....	39	549,400	39	550,400	-----	+1,000
(e) Labor-management laws.....	32	363,800	32	365,500	-----	+1,700
2. Field legal services.....	179	2,204,000	188	2,323,400	+9	+119,400
3. Administration and management services.....	37	426,100	37	423,100	-----	-3,000
Total obligations.....	479	5,727,000	490	5,885,000	+11	+158,000

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Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	479	490	+11
Positions other than permanent.....	10	10	-----
Average number of all employees.....	454	465	+11
11 Personnel compensation.....	\$4,643,125	\$4,777,166	+\$134,041
12 Personnel benefits.....	350,381	363,826	+13,445
21 Travel and transportation of persons.....	158,000	163,500	+5,500
22 Transportation of things.....	10,174	10,174	-----
23 Rent, communications, and utilities.....	164,168	161,482	-2,686
24 Printing and reproduction.....	119,358	121,858	+2,500
25 Other services.....	120,248	123,248	+3,000
Services of other agencies.....	20,000	20,000	-----
26 Supplies.....	116,872	117,972	+1,100
31 Equipment.....	24,674	25,774	+1,100
Total obligations.....	5,727,000	5,885,000	+158,000
Working capital fund items included above.....	(299,900)	(299,900)	-----

Summary of changes

	Regular	Trust	Amount
1967 enacted appropriation.....	\$5,451,000	\$140,000	\$5,591,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966).....	140,000	-----	140,000
Proposed supplemental for pay increase (Public Law 89-504 effective July 3, 1966).....	-----	4,000	4,000
Comparative transfer to Office of the Secretary for centralizing audit and systems functions ¹	-16,000	-----	-16,000
Estimated program supplemental to be transferred from "Unemployment compensation for Federal employees and ex-servicemen".....	8,000	-----	8,000
1967 appropriation, revised.....	5,583,000	144,000	5,727,000
1968 estimate.....	5,741,000	144,000	5,885,000
Total change.....	+158,000	-----	+158,000

¹This comparative transfer includes no positions and \$16,000;

Mandatory items

Increases:

Net additional cost of within-grade promotions effective for part year in 1967-----	+\$10,105
Net cost of within-grade promotions becoming effective in 1968--	+11,105
1968 net cost of promotions to be granted under a career-ladder promotion plan-----	+23,000

Decreases:

Nonrecurring rental costs-----	-3,786
To reduce the level of contributions to the Federal employees' compensation fund-----	-3,028
Nonrecurring extra day of pay for current year staff-----	-19,396
Subtotal, mandatory items-----	<u>+18,000</u>

Program items

Increase:

To provide for the administration of the Fair Labor Standards Act Amendments of 1966 (11 positions, \$125,700 personal services, \$14,300 nonlabor)-----	+140,000
Subtotal, program items-----	<u>+140,000</u>
Total change-----	<u>+158,000</u>

Mandatory changes by activity

Type of change	Activity 1(a)		Activity 1(b)		Activity 1(c)		Activity 1(d)		Activity 1(e)		Activity 2		Activity 3		Total	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Net additional cost of within-grade promotions effective for part year in 1967		+\$1,196		+\$1,304		+\$1,242		+\$944		+\$1,131		+\$3,736		+\$552		+\$10,105
Net within-grade promotion costs initially effective in 1968		+1,151		+1,210		+1,534		+1,530		+682		+4,175		+823		+11,105
Net cost of career-ladder promotions effective in 1967		+1,600		+4,100		+6,600		+400		+1,200		+9,100				+23,000
Nonrecurring extra day of pay for current year staff		-1,947		-2,414		-2,676		-1,874		-1,313		-7,825		-1,347		-19,396
Contributions to FEC fund (-)												-3,786		-3,028		-3,028
Decrease for nonrecurring rental costs																
Total		+2,000		+4,200		+6,700		+1,000		+1,700		+5,400		-3,000		+18,000

Mandatory changes for 1968

Increases:

Within-grade promotion costs:

1968 net additional cost of within-grade promotions effective for part-year in 1967.....	+ \$36,785
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Personnel compensation.....	40,676
Deduct lapse.....	-1,449
Deduct savings due to turnover.....	-5,492
Personnel benefits.....	3,050

Net cost.....	36,785
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Absorption of a portion of above increase.....	-26,680
--	---------

1968 adjusted net additional cost of within-grade promotions effective for part year in 1967.....	10,105
---	--------

Net cost of within-grade promotions becoming effective during 1968.....	+40,425
---	---------

Personnel compensation.....	44,669
Deduct lapse.....	-1,564
Deduct savings due to turnover.....	-6,030
Personnel benefits.....	3,350

Net cost.....	40,425
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Absorption of a portion of above increase.....	-29,320
--	---------

1968 adjusted net cost of within-grade promotions becoming effective during 1968.....	11,105
---	--------

Career-ladder promotion costs:

1968 net costs of career-ladder promotions.....	+23,000
---	---------

Personnel compensation.....	48,711
Deduct lapse.....	-1,705
Deduct turnover.....	-25,606
Personnel benefits.....	1,600

Net cost.....	23,000
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Net cost of career-ladder promotions.....	23,000
---	--------

Decreases:

Nonrecurring rental costs.....	-3,786
--------------------------------	--------

To reduce the level of contributions to the Federal employees' compensation fund.....	-3,028
---	--------

Nonrecurring extra day of pay for current year staff.....	-19,396
---	---------

Total, mandatory items.....	+18,000
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PROMOTION COSTS JUSTIFICATION

Promotion plan.—The Office of the Solicitor has established a career ladder promotion plan for attorneys and wage analysts. The entrance level for attorneys is at GS-7, GS-9 or 11. Wage Analysts enter at the GS-7 level. The journeyman levels for these two series have been set at GS-12 for attorneys and GS-11 for wage analysts. Promotions are granted in one year intervals to each employee up to the journeyman level, provided the employee has demonstrated an ability to master more complex duties and responsibilities. By observing this policy, the Office of the Solicitor receives the following manpower utilization advantages:

1. Higher quality applicants are attracted to the Office by the assurance of receiving merited promotions.

2. Turnover among attorneys and wage analysts is reduced—providing a more experienced staff and reducing time lost in training and orientation.

3. A spirit of professionalism is fostered by the recognition of a professional journeyman level at the GS-12 and GS-11 levels respectively.

Funding the promotion plan.—The Fiscal Year 1967 estimates provided funds for promotions in 1967. Sixty-seven positions have been identified as career ladder plan positions. These were the positions in grades GS-7 9, 11 and at the beginning of F.Y. 1967 which were eligible for promotion during F.Y. 1967 and/or

which had received promotions during F.Y. 1966. Experience indicates that turnover savings were not and are not at the present time adequate to finance programmed promotions. Average turnover in promotion plan positions for the past two fiscal years has been at the rate of 8 GS-12's, 5 GS-11's and 5 GS-9's per year. Projecting this turnover into F.Y. 1968 and future years, turnover would eventually absorb all promotion costs for a given year. Promotion funds budgeted for F.Y. 1967 (adjusted for turnover) provided for a spread of 27 GS-12's, 16 GS-11's, 20 GS-9's and 4 GS-7's. Projecting career ladder promotions into F.Y. 1968 (again adjusting for turnover) there would be 30 GS-12's, 18 GS-11's, 16 GS-9's and 3 GS-7's. An increase to 35 GS-12's, 14 GS-11's, 15 GS-9's and 3 GS-7's would follow in F.Y. 1969. By F.Y. 1970, near stability will be reached, where turnover savings will balance promotion activity.

Estimate for F.Y. 1968.—The combined estimate for F.Y. 1968 promotions and the full year cost of F.Y. 1967 promotions is \$23,000. Actual and full year costs were determined on the basis of a position by position analysis. The amounts were reduced by the standard lapse rate and by a savings due to turnover factor of 53%. This factor reflects the experienced ratio of savings due to replacement of higher level employees by entrance level employees to the projected promotion costs for the year.

Program changes by activity

Object classification	Activity 1(a)		Activity 1(b)		Activity 2		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation.....	1	+\$11,268	1	+\$11,268	9	+\$94,399	11	+\$116,935
12 Personnel benefits.....		+682		+682		+7,401		+8,765
21 Travel and transportation of persons.....		+400		+400		+4,700		+5,500
22 Transportation of things.....								
23 Rent, communications, and utilities.....		+100		+100		+900		+1,100
24 Printing and reproduction.....		+250		+250		+2,000		+2,500
25 Other services.....		+100		+100		+2,800		+3,000
26 Supplies and materials.....		+100		+100		+900		+1,100
31 Equipment.....		+100		+100		+900		+1,100
Total.....	1	+13,000	1	+13,000	9	+114,000	11	+140,000

Distribution of field staff

Regional and branch offices	1967			1968		
	Professional	Clerical	Total	Professional	Clerical	Total
Boston, Mass.....	5	4	9	5	4	9
New York, N.Y.....	10	6	16	10	6	16
Chambersburg, Pa.....	7	5	12	8	5	13
Atlanta, Ga.....	14	12	26	16	12	28
Birmingham, Ala.....	5	5	10	5	5	10
Cleveland, Ohio.....	7	5	12	8	5	13
Detroit, Mich.....	2	1	3	3	1	4
Chicago, Ill.....	9	6	15	10	6	16
Kansas City, Mo.....	6	3	9	7	3	10
Denver, Colo.....	1	1	2	1	1	2
Dallas, Tex.....	11	9	20	11	9	20
San Francisco, Calif.....	9	4	13	9	4	13
Los Angeles, Calif.....	4	3	7	4	3	7
Seattle, Wash.....	1	1	2	1	1	2
Nashville, Tenn.....	9	6	15	11	6	17
Puerto Rico.....	5	3	8	5	3	8
Total.....	105	74	179	114	74	188

Explanation of estimate by object

Personnel compensation----- \$4, 777, 166

This estimate provides for 490 full-time positions, or 465 man years, and for compensation of witnesses (\$13,000). A net increase of \$134,041 over the revised 1967 level is proposed, consisting of the following:

Fair Labor Standards Act Amendments of 1966----- +\$116, 935

An additional 11 positions to handle increased legal services required under the 1966 amendments to the act are requested.

Within-grade promotions----- +\$15, 102

Allowance has been made for net within-grade promotions as they fall due in 1968 and for the net additional cost of within-grade promotions effective on only a part year basis for base staff in 1967. An allowance for savings due to turnover based upon prior year's experience is provided and the total cost will be partially absorbed.

Career ladder plan promotions----- +\$21, 400

Allowance is made for the 1968 cost of promotions to be granted to attorneys in the GS-7 through GS-11 levels and promotions to be granted to wage analysts at the GS-7 and GS-9 levels. The estimate includes the 1968 net additional costs of promotions granted in 1967. An allowance for savings due to turnover of 53%, based upon prior year's experience, is also provided.

Nonrecurring extra day of pay for current year staff----- -\$19, 396

Fiscal year 1968 contains one less day of pay than 1967. The estimate reflects this adjustment.

Personnel benefits----- \$363, 826

This estimate is based upon personnel compensation and represents the following benefits:

Contributions to the CSC retirement fund----- \$309, 250

Employees' group life insurance----- 18, 190

Employees' health benefits----- 25, 465

FICA----- 7, 275

Payments to Federal employees' compensation fund----- 3, 646

Travel and transportation of persons----- 363, 826

This estimate provides for commercial transportation, per diem, mileage and other transportation costs for the Office's staff in Washington and the field and for the payment of travel allowances to witnesses not employed by the government. The estimate reflects the use of less than first-class accommodations.

	1967	1968
Employees:		
Base-----	151, 000	151, 000
Program increase-----		5, 500
Witnesses-----	7, 000	7, 000
Total-----	158, 000	163, 500

Transportation of things----- \$10, 174

This estimate provides for the transportation of publications, equipment and supplies to field installations and for costs related to the movement of household goods of employees changing duty stations.

Rent, communications, and utilities----- \$161, 482

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This estimate provides for the following services in 1967 and 1968:

	1967	1968
FTS long-distance communications.....	27,000	27,000
Telephone and related communications.....	27,314	27,914
Official mail.....	8,600	9,100
Rental of equipment.....	9,000	9,000
Rental of space.....	3,786	-----
Working capital fund.....	88,468	88,468
Total.....	164,168	161,482

Printing and reproduction..... \$121, 858

This estimate provides for the printing of legal briefs, wage determinations, handbooks, digests, legislative histories and miscellaneous administrative printing requirements. This estimate provides for the following services in 1967 and 1968:

	1967	1968
Briefs.....	11,000	12,000
Digests and legislative histories.....	9,500	10,000
Other printing.....	6,700	7,700
Working capital fund.....	92,158	92,158
Total.....	119,358	121,858

Other services..... \$143, 248

This estimate provides for the following services of other agencies and private firms in 1967 and 1968:

	1967	1968
Maintenance and repair of equipment, furniture, and real property.....	16,094	18,000
Security investigations.....	4,150	4,150
Training expenses.....	7,500	7,500
Court reporting services.....	15,000	16,000
Investigations by WHPC on a reimbursable basis.....	20,000	20,000
Working capital fund.....	77,504	77,504
Total.....	140,248	143,248

Supplies and materials..... \$117, 972

This estimate provides for desk top supplies, duplicating supplies, stationery supplies, subscriptions to periodical legal reference materials and for subscriptions to a construction reporting service. Amounts budgeted for 1967 and 1968 are:

	1967	1968
Office supplies.....	\$20,102	\$21,202
Subscriptions.....	55,000	55,000
Working capital fund.....	41,770	41,770
Total.....	116,872	117,972

Equipment \$25, 774

This estimate provides for all office equipment, furniture and law library reference books. Equipment and furniture are budgeted at \$13,674 for 1967 and \$14,774 for 1968. Law library reference books are budgeted at \$11,000.

Summary of new positions

	Grade	Number	Amount
Activity 1(a). Litigation: Attorney.....	GS-13	1	\$12, 873
Activity 1(b). Interpretations and opinions: Attorney.....	GS-13	1	12, 873
Activity 2. Field legal services:			
Attorneys.....	GS-13	3	38, 619
Do.....	GS-12	6	65, 562
Total.....		9	104, 181
Grand total.....		11	129, 927

Senator HILL. Mr. Donahue, I hope you will bring your brain truster with you. I know him well and I know how able he is, how very able he is.

Mr. DONAHUE. I must apologize but I certainly have been the grateful beneficiary of his services and friendship in the past several years both of which I treasure highly.

Senator HILL. He will keep you out of trouble. He is a very fine man. Whenever you need a good lawyer call him in. He will do the job. I speak from experience.

Mr. DONAHUE. I share your experience.

Senator HILL. All right, sir.

PREPARED STATEMENT

Mr. DONAHUE. Mr. Chairman, it is a pleasure to be here. You have my statement I believe.

Senator HILL. Yes, sir.

Mr. DONAHUE. I would request that it be inserted in the record.

Senator HILL. We will have it appear in full in the record, sir.

(The statement follows:)

STATEMENT BY CHARLES DONAHUE, SOLICITOR

Mr. Chairman and members of the committee, I am pleased to once again appear before you to explain the Office of the Solicitor's budget estimate.

Our request of \$5,885,000 for fiscal year 1968 represents an increase of \$158,000 above the fiscal year 1967 revised level. The major portion of the increase (\$140,000) represents funds and positions deemed necessary to carry out the increased workload engendered by the 1966 amendments to the Fair Labor Standards Act. The remainder of the requested increases are accounted for by mandatory changes. The mandatory increases amount to \$44,210 of which \$21,210 is to finance within-grade promotions and \$23,000 to finance the Office's career-ladder promotion plan. Offsetting these mandatory increases are two small decreases, one for \$3,786 for non-recurring rental costs and the other of \$3,028 to reduce the level of contributions to the Federal Employee's Compensation Fund. Also, as you know, the 1968 fiscal year contains one less day of pay than did the 1967 fiscal year. Therefore, our budget estimate reflects a mandatory decrease of \$19,396 to account for this fact.

As mentioned above, the budget estimate includes a program increase to enable the Office of the Solicitor to meet its responsibilities for providing legal services related to the 1966 amendments to the Fair Labor Standards Act. Up to this point the additional workload has been primarily concentrated in the implementing stages of the program, i.e., issuance of necessary regulations and opinions. We are now at the point, however, where we must broaden our legal assistance program to provide legal interpretative services and enforcement litigation services related to the amendments.

One additional position is requested to provide legal interpretations of the complex provisions of the 1966 amendments. The additional position is not only necessary to assist our present staff in preparing interpretative bulletins and other formal legal opinions, but also to provide timely responses to the multitude of questions and inquiries raising legal problems from employers and employees affected by additions or changes to coverage, from trade associations in newly covered industries, from members of Congress, labor organizations, and the general public.

The remaining positions will provide litigation services supporting the Wage and Hour Division's enforcement program. One of the positions will be located in Washington to serve as a coordinator between headquarters and the field offices in litigation activities related to the amendments. The balance of the positions will be located in the Solicitor's field offices. Field offices will assist the Wage and Hour Division in the development of enforcement cases for possible litigation. In addition, the offices will provide at the regional level similar legal advisory services as performed in the interpretations activity at the national level, including answers to legal inquiries from newly covered employees and newly involved employers and assistance to field officials of the Department of Labor.

CHANGES IN BUDGET

Mr. DONAHUE. Then I will just briefly summarize the changes in our budget from last year.

We are asking for \$158,000 more than we did last year and this is mainly and plainly required by the increases in the minimum wage and the coverage under the Fair Labor Standards Act; \$140,000 of it represents 11 additional positions. Nine of those will be in the field and two here in Washington, one in Opinions and Interpretations and the other in Litigation.

The added \$18,000 above the \$140,000 is caused by what are commonly known as mandatory increases. Roughly \$21,000 is for within-grade promotions and roughly \$23,000 to finance career ladder promotion plans of our own promoting people grade 7 through 12 if they are qualified.

Then there are a couple of nonrecurring small decreases; \$3,786 for rental costs and \$3,028 to reduce the level of the contribution to the Federal employees compensation fund and finally there is, as has been said by others before today, 1 less day of pay which results in a deduction of some \$19,396.

That in brief, Mr. Chairman, represents the changes in our budget from last year.

Senator HILL. How did you arrange that 1 day less?

Mr. DONAHUE. How did I arrange it?

Senator HILL. Yes.

Mr. DONAHUE. I am not exactly sure unless it happens to be leap year. Maybe that is it.

Senator HILL. But you do pick that up where you don't have to pay that extra day.

Mr. DONAHUE. I have been told that and I am taking it on faith. So long as it was a decrease I took it on faith, Mr. Chairman.

Senator HILL. Gentlemen, we appreciate this very, very much.

FEDERAL CONTRACT COMPLIANCE PROGRAM

STATEMENT OF EDWARD C. SYLVESTER, DIRECTOR, OFFICE OF FEDERAL CONTRACT COMPLIANCE

APPROPRIATION ESTIMATE

FEDERAL CONTRACT COMPLIANCE AND CIVIL RIGHTS PROGRAM

For expenses necessary to carry out the functions of the Department of Labor Under Executive Order 11246 of September 24, 1965, and title VI of the Civil Rights Act of 1964, **[\$1,103,000]** **\$1,355,000**.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$1,103,000	\$1,355,000
Comparative transfer to the Office of the Secretary for centralized audit and systems function.....	-3,000	-----
Appropriation or estimate, revised.....	1,100,000	1,355,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Office of the Director of Federal Contract Compliance.....	28	\$464,400	36	\$573,000	+8	+\$108,600
2. Plans for progress.....	12	221,600	12	190,000	-----	-31,600
3. Civil rights compliance (title VI).....	27	414,000	38	592,000	+11	+178,000
Total obligations.....	67	1,100,000	86	1,355,000	+19	+255,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	67	86	+19
Positions other than permanent.....	1	1	-----
Average number of all employees.....	62	82	+20
11 Personnel compensation.....	\$732,350	\$949,778	+\$217,428
12 Personnel benefits.....	52,350	68,478	+16,128
21 Travel and transportation of persons.....	102,800	128,800	+26,000
22 Transportation of things.....	2,200	2,200	-----
23 Rent, communications, and utilities.....	120,975	85,044	-35,931
24 Printing and reproduction.....	28,775	41,100	+12,325
25 Other services.....	16,800	16,800	-----
Services of other agencies.....	14,200	30,200	+16,000
26 Supplies and materials.....	15,550	25,600	+10,050
31 Equipment.....	14,000	7,000	-7,000
Total obligations.....	1,100,000	1,355,000	+255,000
Working capital fund items included above.....	(52,000)	(110,300)	(58,300)

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SUMMARY OF CHANGES

1967 enacted appropriation -----	\$1, 103, 000
Comparative transfer to Office of the Secretary ¹ -----	-3, 000
1967 appropriation, revised -----	1, 100, 000
1968 estimate -----	1, 355, 000
Total change -----	+255, 000

MANDATORY ITEMS

Increases:	
Net additional cost to restore pay costs absorbed in 1967 -----	+24, 000
Decreases:	
Nonrecurring extra day of pay for current year staff -----	-2, 936
Nonrecurring rental costs:	
Office of Federal Contract Compliance -----	-28, 140
Plans for Progress -----	-35, 116
Subtotal, mandatory items -----	-42, 192

PROGRAM ITEMS

Increases:	
To provide for an increase in costs due to reduction in timelag on filling vacancies and small increases in Centralized Services costs for:	
Activity 1—Office of Federal Contract Compliance -----	+2, 840
Activity 2—Plans for progress -----	+6, 069
To provide for increased personnel compensation (reduction in lapse rate on 1967 new positions) to permit a full-year's operation for Activity 3, civil rights compliance (title VI) -----	+24, 283
To provide additional staff for the Office of Federal Contract Compliance to handle increased compliance, negotiating and conciliating functions (8 positions, \$89,000 personal services; \$36,000 nonlabor costs) -----	+125, 000
To provide additional staff for Civil Rights Compliance (title VI) program to permit adequate coverage of onsite compliance reviews and complaint investigations (11 positions, \$94,400 personal services; \$55,600 nonlabor costs) -----	+150, 000
Decreases:	
Nonrecurring equipment costs for new positions in 1967 -----	-11, 000
Subtotal, program items -----	+297, 192
Total change -----	+255, 000

¹ This comparative transfer includes no positions.

Mandatory changes by activity

Type of change	Activity 1		Activity 2		Activity 3		Total	
	Posi-tions	Amount	Posi-tions	Amount	Posi-tions	Amount	Posi-tions	Amount
Net pay increase costs -----		\$10,200		\$2,800		\$11,000		\$24,000
Decrease for nonrecurring extra day of pay for current year staff -----		-1,300		-353		-1,283		-2,936
Decrease for nonrecurring rental costs -----		-28,140		-35,116				-63,256
Total -----		-19,240		-32,669		+9,717		-42,192

Explanation of mandatory changes for 1968

Increases: To restore pay costs absorbed in 1967.....	+\$24, 000
Decreases:	
Nonrecurring extra day of pay for current year staff.....	-2, 936
Nonrecurring rental costs.....	-63, 256
Total, mandatory items.....	-42, 192

Program changes by activity

Object classification	Activity 1		Activity 2		Activity 3		Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
11 Personnel compensation.....	+8	+\$85, 140	-----	+\$3, 141	+11	+\$110, 083	+19	+\$198, 364
12 Personnel benefits.....	-----	+6, 200	-----	+1, 328	-----	+8, 600	-----	+16, 128
21 Travel and transportation of persons.....	-----	+6, 000	-----	-----	-----	+20, 000	-----	+26, 000
22 Transportation of things.....	-----	-----	-----	-----	-----	-----	-----	-----
23 Rent, communications, and utilities.....	-----	+12, 700	-----	+25	-----	+14, 000	-----	+26, 725
24 Printing and reproduction.....	-----	+5, 000	-----	+425	-----	+6, 500	-----	+11, 925
25 Other services.....	-----	+6, 775	-----	+325	-----	+8, 300	-----	+15, 400
26 Supplies and materials.....	-----	+4, 025	-----	+825	-----	+4, 800	-----	+9, 650
31 Equipment.....	-----	+2, 000	-----	-5, 000	-----	-4, 000	-----	-7, 000
Total.....	+8	+127, 840	-----	+1, 069	+11	+168, 283	+19	+297, 192

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation..... \$949, 778

The estimate will provide for 86 full-time positions for the three activities or 80.9 man-years of employment. Included is \$11,000 for consultant and expert services (approximately the equivalent of 1 man-year of employment) and \$31,000 for \$16 per diem in lieu of subsistence for 8 without compensation full-time industry representatives assigned by their respective corporations to the Plans for Progress Program.

The estimate represents an increase of \$217,428 over fiscal year 1967 and is composed of \$170,600 for new positions, \$27,764 reduction in lapse, \$22,000 to restore pay costs absorbed in 1967, partially offset by the reduction of one less extra day of pay in 1968 of -\$2,936.

Personnel benefits..... \$68, 478

This estimate, which reflects an increase of \$16,128 over 1967, is based on personnel compensation, exclusive of per diem allowances, and will provide for the Government's share of the costs of employee benefits as follows:

Civil Service Commission retirement fund..... \$58, 728
 Life insurance..... 3, 100
 Health benefits..... 5, 200
 Federal Insurance Compensation Act..... 1, 450
 Travel and transportation of persons..... 128, 800

The estimate will provide for the following travel costs:

	1967	1969	Change
Number of travelers.....	46	58	+12
Number of days traveled.....	80	80	-----
Per diem at \$16.....	\$58, 800	\$74, 200	+\$15, 400
Transportation and other costs.....	44, 000	54, 600	+10, 600
Total.....	102, 800	128, 800	+26, 000

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Transportation of things----- \$2, 200

The estimate will provide for shipment of informational material to business and industry as well as contracting agency representatives in the field.

Rent, communications, and utilities----- \$85, 044

The estimate is comprised of the following items :

	1967	1968	Change
Reimbursement to post office-----	\$4, 500	\$4, 500	-----
Telegrams and toll charges-----	6, 660	6, 660	-----
Telephone rental and service-----	7, 000	7, 000	-----
Rental of space-----	79, 856	23, 000	-\$56, 856
Telecommunication charges-----	5, 859	6, 859	+1, 000
Working capital fund-----	17, 100	37, 025	+19, 925
Total-----	120, 975	85, 044	-35, 931

The net decrease for this object class reflects a mandatory decrease of \$63,256 for funds transferred in fiscal year 1967 to General Services Administration for space rental, offset by increases of \$27,325 for 19 additional positions requested in FY 1968.

Printing and reproduction----- \$41, 100

The estimate is composed of the following reproduction requirements for the activities and includes an increase of \$12,325 for Centralized Services costs, attributable to increased usage:

	1967	1968	Change
Forms, letterheads, and schedules-----	\$4, 575	\$4, 575	-----
Publications-----	10, 000	10, 000	-----
Working capital fund-----	14, 200	26, 525	+\$12, 325
Total-----	28, 775	41, 100	+12, 325

Other services----- \$47,000

The estimate provides for the following services and reflects an increase in Centralized Services costs as a result of increased employment:

	1967	1968	Change
Miscellaneous contractual services-----	\$16, 800	\$16, 800	-----
Working capital fund-----	14, 200	30, 200	+\$16, 000
Total-----	31, 000	47, 000	+16, 000

Supplies and materials----- \$25, 600

The estimate will provide for necessary desk-top supplies for 86 full-time positions, 8 without compensation industry representative, and consultants and experts.

	1967	1968	Change
Supplies obtained from open market (including travelers in travel status)-----	\$9, 050	\$9, 050	-----
Working capital fund-----	6, 500	16, 550	+\$10, 050
Total-----	15, 550	25, 600	+10, 050

Equipment ----- \$7,000

This estimate will provide for necessary equipment and furnishings for the new positions requested in 1968, as well as for replacements not available from surplus stock.

	1967	1968	Change
Equipment replacement.....	\$3,000	\$3,000	-----
Equipment for new positions.....	11,000	4,000	-\$7,000
Total.....	14,000	7,000	-7,000

Summary of new positions

	Number	Grade	Amount
Activity 1. Office of Federal Contract Compliance:			
Associate solicitor.....	1	GS-16	\$20,075
Assistant compliance officer.....	2	GS-13	25,746
Do.....	2	GS-12	21,854
Do.....	1	GS-11	9,221
Secretary.....	2	GS-5	10,662
Total.....	8		87,558
Activity 3. Civil Rights Compliance (Title VI):			
Deputy counsel.....	1	GS-14	15,106
Civil rights compliance officer.....	5	GS-13	64,365
Attorney.....	1	GS-12	10,927
Secretary.....	1	GS-5	5,331
Do.....	1	GS-4	4,776
Clerk-typist.....	2	GS-3	8,538
Total.....	11		109,043
Grand total.....	19		196,601

PROGRAM ACTIVITIES

Senator HILL. Mr. Sylvester.

All right, sir. We are glad to have you gentlemen here. We will be happy to have you proceed now.

Mr. SYLVESTER. Mr. Chairman, this budget covers three separate activities, activity No. 1 having to do with the Department's responsibilities for the administration of parts II, III, and IV of the Executive Order 11246; activity No. 2 having to do with the provision of administrative support for the voluntary program known as plans for progress, also required by Executive order; and activity No. 3 having to do with the Department's responsibilities for civil rights compliance under title VI.

You will recall that yesterday the Secretary addressed himself to that.

Senator HILL. Yes. You were here as I remember.

Mr. SYLVESTER. Yes.

PREPARED STATEMENT

I would like to submit my statement for the record and to just briefly address myself to the increases requested.

Senator HILL. We would be happy to have you do that.

(The statement follows:)

Mr. Chairman, Members of the Committee, I am pleased to present the budget request of the Office of Federal Contract Compliance which administers Executive Order 11246, Parts II and III, which require that equal employment opportunity be provided by Government contractors and subcontractors and on Federally-assisted construction projects. The amount requested is \$573,000 and 36 full-time positions, which is an increase of \$108,600 and 8 positions over Fiscal Year 1967.

The Office of Federal Contract Compliance provides Federal policy; assists and guides Federal contracting agencies and contractors; develops procedures for the optimum overall use of agency resources; monitors contracting agency compliance programs for adequacy and consistency; and coordinates with the Equal Employment Opportunity Commission and other related Governmental and private agencies and interested parties to carry out the objectives of the Executive Order with fair and uniform treatment of contractors and their employees.

Government contractors and subcontractors, including those for Federally-assisted construction projects, are required by the Order not to discriminate on the basis of race, creed, color or national origin and to take "affirmative action" to ensure equal employment opportunity. An estimated 100,000 contractor facilities (and therefore, compliance programs) should be systematically reviewed by the contracting agencies. This more than doubles the work load identified for Fiscal Year 1967.

This Office also provides certain services required by the contracting agencies to carry out their responsibilities. These services include: the development of compliance officer training programs in cooperation with the Civil Service Commission; the coordination of area compliance programs involving many agencies; the assignment of contractors to agencies for compliance responsibility (frequently, several agencies have contracts with the same contractor); management of the statistical reporting system; establish priorities on a Government-wide basis; and hold hearings to determine compliance and/or sanctions.

The Plans for Progress is a voluntary program including 347 leading employers covering almost 9,000,000 employees. This program provides a cooperative means for leadership in the promotion and implementation of equal employment opportunity and complements the Federal Compliance activity. During calendar year 1966, the employer-members of the Plans for Progress contributed an estimated \$1,090,000 to carry out the various activities.

These activities include the sponsorship of: Local Merit Employment Councils; Vocational Guidance Institutes; manpower training and development seminars; youth motivation programs; and college conferences to communicate needs between industry and colleges.

The steady improvement and coverage of agency compliance programs, the growing interest and the Government's strong commitment to equal job opportunity place heavy demands on this Office. The requested increase with improved management and greater individual output will meet less than half of our identified work load, but will, however, be sufficient to continue a broad effective program.

I thank the Committee for this opportunity and will be pleased to respond to questions.

ADDITIONAL POSITIONS

Mr. SYLVESTER. The total budget for activity 1 is \$573,000 and 38 full-time positions which is an increase of \$108,600 and eight positions over fiscal year 1967.

Senator HILL. What are those eight new positions for?

Mr. SYLVESTER. Six professionals and two clericals occasioned by the increased identification of workload among the contracting agencies. We are up to an identified load of approximately 100,000 contracting facilities to be reviewed, about twice the load of the past fiscal year and that includes commercial banks who voluntarily receive Federal deposits which are now covered by the Executive order.

So, that as a result it requires an increased review of the agency activity as well as the agency compliance reviews to assure that there is fair and equal treatment of both employers and employees.

DECREASE IN PLANS FOR PROGRESS BUDGET

Senator HILL. "Plans for progress." You cut that down a little did you?

Mr. SYLVESTER. Yes, sir, the "Plans for progress" budget includes a decrease. We are currently requesting \$190,000 which is a decrease of \$31,600 for the nonrecurring item of rent.

Senator HILL. I see. You won't have that rent to pay in 1968 that you had to pay this year?

Mr. SYLVESTER. That is correct, sir.

Senator HILL. Have you been furnished other quarters with GSA taking care of it?

Mr. SYLVESTER. Yes, Mr. Chairman, the GSA takes care of it.

Senator HILL. I see. Is there anything you gentlemen would like to add, either of you? We want to thank you very, very much.

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

STATEMENT OF MRS. ESTHER PETERSON, ASSISTANT SECRETARY FOR LABOR STANDARDS

APPROPRIATION ESTIMATE

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

For necessary expenses of the President's Committee on Consumer Interests, established by Executive Order 11136 of January 3, 1964, **[\$327,000]** \$337,000.

Amounts available for obligation

	1967	1968
Appropriation or estimate.....	\$327,000	\$337,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. Advancing the interests of consumers..	19	\$327,000	19	\$337,000	-----	+\$10,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions.....	19	19	-----
Positions other than permanent.....	1	1	-----
Average number of all employees.....	18	18	-----
11 Personnel compensation.....	\$234,200	\$243,400	+\$9,200
12 Personnel benefits.....	15,600	16,400	+800
21 Travel and transportation of persons.....	29,000	29,000	-----
23 Rent, communications, and utilities.....	4,000	4,000	-----
24 Printing and reproduction.....	19,000	19,000	-----
25 Other services.....	4,000	4,000	-----
Services performed by other agencies.....	13,200	13,200	-----
26 Supplies and materials.....	7,000	7,000	-----
31 Equipment.....	1,000	1,000	-----
Total obligations.....	327,000	337,000	+10,000
Working capital fund items included above.....	(13,200)	(13,200)	-----

SUMMARY OF CHANGES

1967 enacted appropriation.....	\$327,000
1968 estimate.....	337,000
Total change.....	+10,000

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MANDATORY ITEMS

Increases:

Net additional cost to restore pay costs absorbed in 1967-----	\$7,400
Net additional cost of within-grade promotions effective for part year in 1967-----	1,700
Net cost of within-grade promotions becoming effective in 1968----	1,900

Decreases:

Nonrecurring extra day of pay for current year staff-----	-1,000
Total change-----	+10,000

Mandatory changes by activity

Type of change	Activity 1	
	Position	Amount
Net pay increase costs-----		+\$7,400
Net additional cost of within-grade promotions effective for part year in 1967-----		+1,700
Net within-grade promotion costs initially effective in 1968-----		+1,900
Decrease for nonrecurring extra day of pay for current year staff-----		-1,000
Total-----		+10,000

EXPLANATION OF MANDATORY CHANGES FOR 1968

Increases:

To restore pay costs absorbed in 1967-----	\$7,400
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Within-grade promotion costs:

1968 net additional cost of within-grade promotions effective for part year in 1967-----	1,700
---	-------

Personnel compensation-----	1,729
Deduct lapse-----	-129
Personnel benefits-----	100

Net cost-----	1,700
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Net cost of within-grade promotions becoming effective during 1968-----	1,900
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Personnel compensation-----	1,955
Deduct lapse-----	-255
Personnel benefits-----	200

Net cost-----	1,900
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Decreases:

Nonrecurring extra day of pay for current year staff-----	-1,000
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Total, mandatory items-----	+10,000
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*Activity 1. Advancing the interests of consumers (1967, \$327,000, positions, 19;
1968, \$337,000, positions, 19)*

Narrative description of program

The President's Committee on Consumer Interests acts as the voice of the consumer in the Administration, coordinates consumer activity in Government agencies, cooperates with State agencies and voluntary organizations in advancing the interests of consumers, promotes action programs designed to improve consumer education, and recommends legislation of benefit to consumers.

Fiscal 1966 accomplishments

The work of the Textile Advisory Committee in voluntarily agreeing to undertake a campaign for improved labeling of clothing and other consumer textile products was widely acclaimed in business circles as a new manifestation of industry-government cooperation.

Responsiveness in the States suggests the value of that aspect of the program concerned with upgrading State protection and promotion of the consumer interest. During the last year, 13 States established consumer organizations. These organizations give testimony in support of consumer protection, initiate interest and support for new and improved consumer legislation, encourage in every possible way consumer representation at the level of State Government, and promote more effective consumer education. In addition, some of the most significant consumer legislation was enacted in the States: consumer councils were established in Michigan and Rhode Island, and Massachusetts passed a major piece of consumer credit legislation.

Fiscal 1967 accomplishments

The Committee plans to establish advisory groups within the shoe and possibly the appliance industry similar to the Textile Advisory Committee. Two additional States have established consumer organizations.

Fiscal 1968 plans

The Committee will continue at the same level in 1967, continuing to give particular emphasis to consumer problems of the poor and stimulating more and better consumer education programs in and out of school.

Changes for 1968

Mandatory changes amount to \$10,000.

Program changes.—None.

Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Conferences service, organized.....	12	12	24	36
Information materials:				
Prepared.....	8	9	15	25
Distributed.....	800,000	1,000,000	1,000,000	1,000,000
Promotional contacts:				
Business.....	118	120	120	125
Federal.....	302	300	350	350
State.....	16	15	25	50
Education.....	50	50	100	200
Volunteer.....	152	150	200	200

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation..... \$243,400

The estimate provides \$220,600 for 19 full-time positions, or 16.5 man-years; \$17,500 for intermittent employment; and \$5,300 for overtime and holiday pay. This includes a net increase of \$6,800 to restore pay costs absorbed in 1967; \$1,600 for net additional cost of within-grade promotions effective for part year in 1967; and \$1,700 for net cost of within-grade promotions becoming effective in 1968, offset by a reduction of \$900 for non-recurring extra day of pay for current year staff, for a total increase of \$9,200.

Personnel benefits..... \$16,400

This estimate is based upon cost of personnel compensation. The net increase of \$800 includes \$300 for within-grade promotions and \$600 to restore pay costs absorbed in 1967, offset by a reduction of \$100 for non-recurring extra day of pay for current year staff. This estimate provides the following benefits:

	1967	1968	Change
Contributions to the civil service retirement fund.....	\$13,700	\$14,300	+\$600
Employees' group life insurance.....	600	600	-----
Employees' health benefits.....	1,100	1,300	+\$200
Social security payments.....	200	200	-----
Total.....	15,600	16,400	+\$800

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Travel and transportation of persons, \$29,000

The estimate provides for travel for staff to attend meetings, service conferences, and make additional promotional contacts, and is based on use of the most economical method of travel:

	1967	1968	Change
Number of travelers.....	7	7	-----
Number of days traveled.....	855	855	-----
Estimated cost.....	\$29,000	\$29,000	-----

Rent, communications, and utilities..... \$4,000

The estimate provides for all postage and telephone service:

	1967	1968	Change
Paid official mail.....	\$1,000	\$1,000	-----
All telephone service.....	3,000	3,000	-----
Total.....	4,000	4,000	-----

Printing and reproduction..... \$19,000

The estimate provides for printing of educational and promotional pamphlets as well as materials for administrative use.

Other services..... \$17,000

The estimate provides for reporting services for conference, art work, administrative and miscellaneous services.

	1967	1968	Change
Reporting services, art work.....	\$3,000	\$3,000	-----
Working capital fund.....	13,200	13,200	-----
Miscellaneous services.....	1,000	1,000	-----
Total.....	17,200	17,200	-----

Supplies and materials..... \$7,000

The estimate provides for necessary operating supplies, envelopes and letterheads, subscriptions, etc.

	1967	1968	Change
Desk-top supplies.....	\$4,000	\$4,000	-----
Envelopes and letterheads.....	1,000	1,000	-----
Subscriptions.....	1,000	1,000	-----
Miscellaneous.....	1,000	1,000	-----
Total.....	7,000	7,000	-----

Equipment..... \$1,000

The estimate provides for the purchase of books and miscellaneous non-capitalized items.

Senator HILL. Now Mrs. Peterson.

The Good Book tells us that the first shall be last and the last first. That makes you first.

We will be happy to have you proceed in your own way.

Mrs. PETERSON. I am appearing here today for the Consumer's Budget. I must say I was very pleased to be here through the rest of the presentation and to hear the Bureaus that are under my jurisdiction testify because I am very happy to return full time to my duties in the Department of Labor.

USE OF FUNDS

I am extremely happy to be able to request the \$337,000 which is being asked for for the President's Committee on Consumer Interests. I expect that the program will continue along the lines that we have had before, working with the States, working with the Federal agencies, working with Congress, and carrying out the directives of the President in the consumer area.

PREPARED STATEMENT

I have filed my statement, and unless you have any questions, I think that about takes care of it.

Senator HILL. The only increase is mandatory and something that you can't control.

Mrs. PETERSON. That is right.

Senator HILL. Congress is guilty; is that right?

Mrs. PETERSON. That is correct.

(The statement follows:)

Mr. Chairman and members of the committee, I am glad to appear before you to discuss the work of the President's Committee on Consumer Interests. Our estimate for 1968 is \$337,000, an increase of \$10,000 for mandatory increases only.

As I told you last year, coordination of the many consumer programs of the Federal Government has made possible a stronger representation of the consumer viewpoint in developing Government policies that affect consumers.

State response to our program has been likewise encouraging as evidenced by the fact that 13 States established consumer organizations last year. Other State action included establishment of consumer councils in Rhode Island and Michigan; also, Massachusetts passed a major piece of consumer credit legislation.

The Committee's Textile Advisory Committee voluntarily undertook a campaign for improved labeling of clothing and other consumer textile products. This action has been widely acclaimed in business circles, and the Committee plans to establish similar advisory groups within the shoe and possibly appliance industries.

In conclusion, I repeat that much has been done but that much remains to be done. In 1968, as in 1967, we shall continue our emphasis on consumer problems of the poor and stimulating more and better consumer education programs in and out of school. We will also continue our highly successful cooperative work with other Federal agencies, the business community, women's organizations, service groups, trade unions, and adult education groups.

TEXTILE ADVISORY COMMITTEE

Senator HILL. Maybe I should have kept Mr. Donahue here with his petition for habeas corpus.

Mrs. PETERSON. Maybe so.

Senator HILL. Is there anything else you would like to add?

Mrs. PETERSON. I think not.

Senator HILL. You are always mighty fine and most helpful to this committee. We deeply appreciate you and deeply appreciate the work you are doing.

One thing here interests me: "The committee's Textile Advisory Committee voluntarily undertook a campaign for improved labeling of clothing and other consumer textile products."

Mrs. PETERSON. I think of all the accomplishments of the program that is one of which I am most proud. I felt strongly that we should try to use the voluntary route as much as possible. Then we set up the textile advisory committee so that the people from the major industry could get underway and we feel that we should try the voluntary approach first before we run to Congress for legislation.

I think this was a splendid example of what can be done.

ESTABLISHMENT OF SIMILAR ADVISORY GROUPS

Senator HILL. I think that was very fine. I notice that the committee plans to establish similar advisory groups within the shoe and possibly appliance industries.

Mrs. PETERSON. That is correct. I hope that will be carried out.

Senator HILL. I wish you the same success that you have had with the textile people.

Mrs. PETERSON. Thank you.

Senator HILL. You have always done a mighty fine job and been most helpful to the committee and we are grateful to you.

Mrs. PETERSON. I think it is the other way around. We appreciate your help.

Senator HILL. Thank you very much.

SUBCOMMITTEE RECESS

The subcommittee will now stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12:50 p.m. Tuesday, March 14, 1967, the subcommittee recessed, to reconvene at 10 a.m. Wednesday, March 15, 1967.)

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1968

WEDNESDAY, MARCH 15, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, New Senate Office Building, Hon. Lister Hill (chairman) presiding.

Present: Senators Hill and Javits.

RELATED AGENCIES

NATIONAL LABOR RELATIONS BOARD

STATEMENTS OF FRANK W. McCULLOCH, CHAIRMAN, AND ARNOLD ORDMAN, GENERAL COUNSEL; ACCOMPANIED BY OGDEN W. FIELDS, EXECUTIVE SECRETARY; DOMINICK L. MANOLI, ASSOCIATE GENERAL COUNSEL; H. STEPHAN GORDON, ASSOCIATE GENERAL COUNSEL; CLARENCE S. WRIGHT, DIRECTOR, DIVISION OF ADMINISTRATION; EDWARD GOODSTEIN, ASSISTANT DIRECTOR, DIVISION OF ADMINISTRATION; MORRIS S. MILLER, CHIEF, BUDGET BRANCH; AND BERNARD CUSHMAN, SPECIAL ASSISTANT TO THE GENERAL COUNSEL

APPROPRIATION ESTIMATE

"TITLE III—NATIONAL LABOR RELATIONS BOARD

"SALARIES AND EXPENSES

"For expenses necessary for the National Labor Relations Board to carry out the functions vested in it by the Labor-Management Relations Act, 1947, as amended (29 U.S.C. 141-167), and other laws, **[\$30,442,000]** \$32,288,000: *Provided*, That no part of this appropriation shall be available to organize or assist in organizing agricultural laborers or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers as referred to in section 2(3) of the Act of July 5, 1935 (29 U.S.C. 152), and as amended by the Labor-Management Relations Act, 1947, as amended, and as defined in section 3(f) of the Act of June 25, 1938 (29 U.S.C. 203), and including in said definition employees engaged in the maintenance and operation of ditches, canals, reservoirs, and waterways when maintained or operated on a mutual, nonprofit basis and at least 95 per centum of the water stored or supplied thereby is used for farming purposes."

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Field investigation.....	17,893	19,310	20,156
2. Trial examiner hearing.....	2,770	3,170	3,258
3. Board adjudication.....	3,580	3,950	4,225
4. Securing compliance with Board orders.....	3,729	4,509	4,859
Total program cost, funded.....	27,972	30,939	32,498
Change in selected resources.....	144	71	-210
10 Total obligations.....	28,116	31,010	32,288
Financing:			
25 Unobligated balance lapsing.....	535		
New obligational authority.....	28,651	31,010	32,288
New obligational authority:			
40 Appropriation.....	28,713	30,442	32,288
41 Transferred to "Operating expenses, Public Buildings Service," General Services Administration (79 Stat. 531 and 80 Stat. 674).....	-62	-20	
43 Appropriation (adjusted).....	28,651	30,422	32,288
44 Proposed supplemental for civilian pay act increases.....		588	
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures).....	28,116	31,010	32,288
72 Obligated balance, start of year.....	2,282	2,016	1,922
74 Obligated balance, end of year.....	-2,016	-1,922	-1,799
77 Adjustments in expired accounts.....	-11		
90 Expenditures excluding pay increase supplemental.....	28,372	30,549	32,378
91 Expenditures from civilian pay act supplemental.....		555	33

Object classification

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Personnel compensation:			
11.1 Permanent positions.....	21,947	23,755	24,758
11.3 Positions other than permanent.....	130	224	216
11.4 Special personal service payments.....	59	62	64
11.5 Other personnel compensation.....	49	45	45
Total personnel compensation.....	22,185	24,086	25,083
12.0 Personnel benefits.....	1,616	1,957	2,074
21.0 Travel and transportation of persons.....	1,429	1,551	1,598
22.0 Transportation of things.....	52	60	68
23.0 Rent, communications, and utilities.....	994	1,129	1,295
24.0 Printing and reproduction.....	447	644	846
25.0 Other services.....	657	857	869
25.2 Services of other agencies.....	76	103	105
26.0 Supplies and materials.....	244	259	285
31.0 Equipment.....	261	278	272
42.0 Insurance claims and indemnities.....	11	15	3
Total, cost funded.....	27,972	30,939	32,498
94.0 Change in selected resources.....	144	71	-210
99.0 Total obligations.....	28,116	31,010	32,288

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions.....	2,284	2,305	2,435
Full-time equivalent of other positions.....	26	48	47
Average number of all employees.....	2,228	2,329	2,393
Average GS grade.....	9.3	9.5	9.5
Average GS salary.....	\$10,052	\$10,531	\$10,580

Summary of changes

Enacted appropriation, fiscal year 1967-----	\$30,442,000
Supplemental request approved by the President-----	588,000
Total estimated requirements for fiscal year 1967-----	31,030,000
Request for fiscal year 1968-----	32,288,000
Net change -----	1,258,000

Synopsis of changes

A. Mandatory administrative items-----	896,500
B. Program items -----	361,500
Net change -----	1,258,000

Detail of changes

A. MANDATORY ADMINISTRATIVE ITEMS

I. Extension of 1967 grade and within-grade promotions to a full year basis in 1968. Provision is made for 677 grade promotions and 651 within-grade promotions out of a potential 1,375 within-grade promotions for 1967-----	\$323,700
II. Provision is made for 784 out of a potential 1,524 within-grade promotions for 1968-----	117,100
III. Provision is made for 534 grade promotions expected to be made during 1968-----	274,600
IV. Increased pay:	
Federal Employees Salary Act of 1966 (Public Law 89-504)---	31,600
Fair Labor Standards Amendments of 1966 (Public Law 89-601) -----	17,200
Wage board increases-----	2,500
Increased rates for recruitment of attorneys (by direction of Civil Service Commission)-----	14,200
V. Increased transfer costs; Administrative Expenses Act of 1946, as amended (Public Law 89-516)-----	35,800
VI. Increased cost of additional general purpose office space-----	79,800
Total mandatory administrative items-----	896,500

DETAIL OF CHANGES

B. Program Items by Activity

I. *Field investigation of cases.*—This also includes either informal disposition or preparation for formal processing. The estimate for 1968 provides for the following increases in case processing compared with 1967: 497 unfair labor practice charges of which 444 are out of intake and 53 out of backlog; 650 representation petitions out of intake for field processing; 32 priority cases out of increased intake requiring consideration in District Court and 39 appeals from Regional Director's refusal to issue complaint in processing additional intake in 1968.

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	Average employment	Amount
Personal services requirements:		
Processing out of intake	40.3	\$161,800
Processing out of backlog	8.3	57,400
Automated printing program	10.0	47,800
Subtotal, personal services	58.6	267,000
Miscellaneous expenses:		
Processing out of backlog		21,300
Automated printing program		-50,000
Computer program		34,200
Conferences		32,600
Other miscellaneous expenses		93,700
Gross requirements	58.6	398,800
Less savings due to increased rate of production (improvement of 2 percent in field processing and varying rates of improvement in related activities):		
Personal services	-25.0	-183,900
Miscellaneous expenses		-69,200
Other cost reduction savings		-17,600
Net requirements, activity I	33.6	128,100

II. *Trial examiner hearings.*—The estimate provides for an increase of 28 hearings (29 out of intake and a reduction of one in the number to be processed out of backlog) and two trial examiner decisions (25 out of intake and a reduction of 23 in the number to be processed out of backlog).

	Average employment	Amount
Personal services requirements:		
Processing out of intake	4.1	\$56,300
Processing out of backlog	-1.6	-26,100
Automated printing program	1.0	5,100
Subtotal, personal services	3.5	35,300
Miscellaneous expenses:		
Automated printing program		-7,000
Computer program		3,600
Other miscellaneous expenses		-9,500
Gross requirements	3.5	22,400
Less savings due to increased rate of production (improvement of 2 percent in trial examiner processing and varying rates of improvement in related activities): Personal services	-1.8	-27,000
Other cost reduction savings		-2,500
Net requirements, activity II	1.7	-7,100

III. *Board adjudication.*—The estimate for fiscal year 1968 provides for the following increases over 1967: *Unfair Labor Practice Decisions*—44 additional contested decisions by the Board, of which 20 are out of intake and 24 out of backlog. *Representation Decisions*—99 additional contested decisions out of intake, 98 by Regional Directors and one by the Board.

	Average employment	Amount
Personal services requirements:		
Processing out of intake	15.2	\$133,000
Processing out of backlog	3.0	28,600
Subtotal, personal services	18.2	161,600
Miscellaneous expenses:		
Processing out of backlog		—400
Automated printing program		—10,700
Computer program		7,000
Conferences		1,600
Other miscellaneous expenses		—1,500
Gross requirements	18.2	157,600
Less savings due to increased rate of production (improvement of 2 percent in Board adjudication and 2 percent improvement in field processing and varying rates of improvement in related activities):		
Personal services	—3.8	—26,200
Miscellaneous expenses		—1,000
Other cost reduction savings		—3,800
Net requirements, activity III	14.4	126,600

IV. *Securing compliance with Board orders.*—Including enforcement through court orders: The estimate provides for an increase of 39 cases in which compliance is expected to be secured. It also provides for an increase of 32 cases in which court enforcement of Board orders will be required. Provision has been made for increased requirements for supplemental court activity such as miscellaneous litigation, contempt, and Supreme Court matters.

	Average employment	Amount
Personal services requirements:		
Processing out of intake	15.5	\$92,700
Processing out of backlog	3.8	27,100
Automated printing program	2.1	10,200
Subtotal, personal services	21.4	130,000
Miscellaneous expenses:		
Processing out of backlog		23,200
Automated printing program		—11,900
Computer program		7,200
Conferences		5,300
Other miscellaneous expenses		68,500
Gross requirements	21.4	222,300
Less savings due to increased rate of production (improvement of 2 percent in field processing and 6.3 percent in court enforcement litigation and varying rates of improvement in related activities):		
Personal services	—7.6	—59,200
Miscellaneous expenses		—45,100
Other cost reduction savings		—4,100
Net requirements, activity IV	13.8	113,900

RECAP—Detail of changes

	Average em- ployment	Amount
Program items:		
Activity I	33.6	\$128,100
Activity II	1.7	—7,100
Activity III	14.4	126,600
Activity IV	13.8	113,900
Total program items	63.5	361,500

	Printing		Computer		Net requirements	
	Average employment	Amount	Average employment	Amount	Average employment	Amount
Automated printing and computer program:						
Personal services.....	13.1	\$60,300			13.1	\$60,300
Miscellaneous expenses.....		-79,600		\$52,000		-27,600
Gross requirement.....	13.1	-19,300		52,000	13.1	32,700
Cost reduction savings: Miscellaneous expenses.....		-28,000				-28,000
Total requirements.....	13.1	-47,300		52,000	13.1	4,700

PREPARED STATEMENT

Senator HILL. The subcommittee will kindly come to order.

Mr. McCulloch, we are happy to have you here with members of your staff. We will be glad to have you proceed now in your own way.

Mr. McCULLOCH. Mr. Chairman, we are glad to be here to present the agency's budget request.

With your permission, I will insert my statement in full.

Senator HILL. We will have that appear in full in the record at this point.

(The statement follows:)

I wish to thank the Committee for this opportunity to appear on behalf of the National Labor Relations Board, and to support its budget request for fiscal year 1968 to carry out the vital responsibilities laid upon it by Congress.

THE AGENCY REQUEST

The Agency is requesting \$1,258,000 more in 1968 than the amount we expect for 1967. In 1967, \$30,442,000 was appropriated, and a net of \$588,000 was authorized by the President for inclusion in a Pay Act supplemental in accordance with the Pay Act bill passed by the Congress in 1966. The \$1,258,000 increase for 1968 includes \$896,500 for mandatory administrative costs, and \$361,500 for increased program costs.

The \$1,258,000 increase requested is 4% more than we requested in 1967 and will pay for a 3% increase in employment as well as for substantial increases in mandatory administrative expenses. The 3% increase in employment will be used to process an expected increase of about 4½% in workload, consisting of about 3.5% in intake (2.9% increase in unfair labor practice situations and 5.1% increase in representation work) and about 1% in increased backlog reduction work. The difference between the 3% increase in positions and the 4½% increase in work will be absorbed by improved performance and cost reductions valued at over \$400,000.

The 3% increase in employment is an increase of 64 in average employment. This employment increase will be shared between our field offices and our Washington staff, with the greater increase taking place in our Washington staff. The Washington staff increases will allow us to concentrate on reducing problem of delay and backlog in the formal processing of cases, and will also provide the ability to continue with our program of automation of our printing program and information system.

THE AGENCY'S ROLE IN LABOR RELATIONS

The Agency's workload is based upon the filing of petitions to resolve questions of representation, and charges that an employer or a union has committed one of the unfair labor practices set forth in Section 8 of the National Labor Relations Act. These filings, over which we have no control, result from labor dis-

putes. Our job is to provide a forum for the solution of these disputes, thus substituting the rule of law for the strike in the settlement of these disputes.

As indicated in greater detail hereafter, we have tried to carry out this Congressional policy by providing the best service possible so as to encourage employees, employers, and unions to bring their disputes to us rather than resorting to strikes and lockouts. It is for this reason that we feel that we are providing meritorious public service in closing almost 30,000 cases a year (28,504 in fiscal year 1966). We are most proud of the fact that the great bulk are ruled on in about 45 days. In representation cases this means that an election is agreed to or formerly ordered after hearing in this time period. In unfair labor practice cases it means that investigations are completed and the voluntary withdrawal or settlement is worked out. Formal dismissals or complaints may take a little longer. Formal litigation beyond complaint, takes much longer, of course. Finally, it is noteworthy that about a third of the unfair labor practices are found to be meritorious and a remedy is secured. In fiscal year 1966, for example, 5,102 cases were closed after remedial action was taken. These actions included the posting of notices in 2,766 cases, reinstatement offers in 1,177 cases, commencement of collective bargaining in 1,229 cases, backpay paid in 1,222 cases, picketing was ended in 526 cases, and work stoppages were ended in 222 cases.

Another approach to the Congressional policy of minimizing the effect of labor disputes is to take what might be characterized as preventive action. The Agency has tried to do this by meeting with the organizations representing labor and management to learn from them how our administration of the Act can be improved, and also to make them aware of what we see as our problems, as well as to urge acceptance and compliance with the spirit of the law. In addition, having come to the conclusion that many cases come to us because of lack of knowledge of what the law provides, we recently announced a 3-point program to inform workers, employers, and labor union officials of the basic rules which have been applied in our elections as they have been worked out in the many years (over 30) in which this agency has attempted to carry out the duties imposed upon it by the Congress. The 3-point program includes leaflets explaining the election process, plant bulletin board notices reminding employees, employers, and labor organizations of mutual rights and responsibilities, and election notices which in addition to giving the time and place of balloting and displaying a sample ballot as in the past, now include a reminder of the rights of workers to vote free from improper pressures.

INTAKE

Each year we estimate filings for the next two years and build our work program around this estimate. As Table A, (in our presentation to you) shows, we have always tried to estimate conservatively. There have been times, however, when unexpected circumstances have affected intake, upward or downward, so as to require us to make substantial changes in our estimates. In the years 1961 and 1962, for example, we were still underestimating the force of the substantial rise in intake which began in 1958; and which almost doubled our rate of intake in 8 short years. In 1966, on the other hand, we did not correctly anticipate the effect of the Vietnam situation and our estimate was a little high.

Experience for 1965-1966 indicates that although intake is continuing to rise, the rate is at a much lower rate than was previously true. Consequently, we have reduced our estimate of unfair labor practice rise to 1% in 1967 and 2.9% in 1968. In representation work we are estimating a continuing 5% rise in both years.

Our intake thus far this fiscal year amply supports our unfair labor practice estimate. As a matter of fact, we may end up with a 2 or 3% rise in unfair labor practice work as compared to the 1% estimated. Representation intake, which lagged for the first 6 months of this year, picked up in January and we expect that total intake for 1967 will substantially meet our estimates.

FACTORS AFFECTING INTAKE

We think that a most important factor affecting intake at the present time is the Vietnam situation and the resulting manpower problems. With some kinds of labor in short supply employers are somewhat more likely to do business with unions rather than to resist organization as determinedly as before. Employees are more likely to seek organization to solve their problems. Fewer charges are filed in connection with these organizing attempts; because the parties seem

more willing to work out their problems without our assistance. Absent the Vietnam situation, we would expect a much higher level of charges to be filed in connection with such organizing than actually appears to be the case.

The factors which normally affect intake are still there, although submerged to some extent by the situation in Vietnam. Economic activity is rising, bringing with its growth new plants and employees who are unorganized and subject to organizational activity. Automation brings the problems of change which often translate themselves into unfair labor practice charges. Labor unions are not only eager to sign up all prospective members, but in addition, are most anxious to regain lost ground in terms of the percentage of the employment force that is organized. The interaction of these factors results in many attempts to organize; and in the concomitant filing of representation petitions and unfair labor practice charges.

THE AGENCY'S WORK PROGRAM

A. GENERAL

In order to carry out the Congressional purpose to reduce or minimize the effects of labor disputes, the Agency has established a goal of quality work handling with special emphasis on (1) maximum speed in the handling of cases and (2) minimizing litigation by encouraging voluntary settlement before formal litigation, and voluntary compliance with formal orders as early in the litigation process as this can be achieved.

By insisting on quality handling of cases filed, the Agency hopes to instill confidence in the parties coming before it with regard to the validity of the determinations made at all stages; so as to encourage voluntary settlement of cases found to have merit, or in the alternative a minimum of litigation where the parties feel that litigation is necessary.

Quality

The Agency's record of cases tried shows that that objective has been carried out. About 88% of the complaints issued by the General Counsel in fiscal year 1966 were upheld by trial examiners or by the Board after formal hearings. Seventy-eight percent of the Board decisions which reached the appellate courts for enforcement in fiscal year 1966 were affirmed in whole or in part.

Settlement

As a result of the quality record established by the Agency, as well as the relative success of the Agency in moving cases fairly rapidly in our field offices, settlement of meritorious cases has been achieved in a large and growing number of cases. Our annual reports indicate that settlements *before complaint* have risen from a low of 37% in fiscal year 1959 to a high of 55% in fiscal year 1965. The General Counsel's operations reports, compiled monthly, show that total settlements including those settled *after complaint* but before trial examiner decision have risen from 47% (of all cases processed to Trial Examiner Decision) in 1959 to a high of about 80% in fiscal year 1966. Our field offices are basically responsible for this achievement, and the General Counsel will want to tell you more about this. I would like to add that part of this achievement is due to the cooperation of our trial examiners who were asked by the Board to assist in the Agency's settlement program (as required by Section 5(b) of the Administrative Procedures Act) by providing as much opportunity as possible for the parties to reach a voluntary settlement of matters before, during, and even after the close of hearings. The increasing success of the settlement program is one of the Agency's major achievements in reducing costs and delays and in inducing compliance with the Congressional policy.

Time Delay and Backlog Reduction

Over 90% of our cases (both representation and unfair labor practice cases) are completely processed by our regional offices without any need for the Board to act. As a result, the average case in the more than 90% handled by the regional offices is disposed of by a final determination in about 45 days. This timely disposition, of which the Board as well as the General Counsel are very proud, includes all informal field dispositions such as withdrawals, dismissals, settlements and in addition formal representation case decisions by regional directors.

Time delay does exist in the Agency's formal trial procedures, and this is the area on which we are concentrating our efforts to improve the speed of case-handling, without a sacrifice in quality. As in previous years, we have emphasized

reduction of time delay in our plans. Where necessary this includes provision for more employment to reduce backlog. Last year, we indicated that our main problem in this regard was in our trial examiner area, and that our 1967 program anticipated improvement in this area. We are happy to report to you that this portion of our program is showing marked signs of success, and that time delays in the trial examiner area have already been reduced during the first 6 months of this fiscal year. Our 1968 program provides for continuation of this improvement and for a further reduction in time delay in unfair labor practice cases. Our representation matters continue to be handled, for the most part, in timely fashion although the Board has been taking longer in the cases it decides. We are going to try to reduce the delays in our decisional processes, although, admittedly, the Board faces only the most difficult problems and only a small percentage (1-2%) of the total number of requests for election processed during the year.

B. SPECIFIC WORK PROGRAM

1. *Field Offices*

Our field offices are expected to process on a current basis all of the new case intake which has been estimated above. In addition, they will cooperate with the Trial Examiner Division in reducing the backlog of cases awaiting trial. This tightening up will cut the time required to schedule a hearing thereby shortening the overall time required to process a charge from issuance of complaint to close of hearing. The General Counsel is going to supply further details on the field program.

2. *Trial Examiners*

Our work program provides that the Trial Examiners will process all of the complaints resulting from charge intake and in addition as stated, will reduce the backlog of cases awaiting hearing so as to provide hearings in much shorter time periods. In 1965 and 1966, hearing dates were delayed as long as 12 weeks. That delay has now been reduced to about 8 weeks and it is our hope to reduce the trial calendar further to where hearings can be set in only 4 or 5 weeks. In order to accomplish this, we have programmed the holding of 1,085 hearings in fiscal year 1967 as compared to 1,035 in fiscal year 1966, and in fiscal year 1968 we expect to hold 1,113 hearings.

At the same time as the trial examiners are engaged in the process of reducing the length of the trial calendar, they are also expected to reduce the backlog of cases awaiting trial examiner decision. This means an increase in trial examiner decisions issued. We have programmed the issuance of 1,190 decisions in fiscal year 1967 as compared to 1,040 in fiscal year 1966, and we expect that number to rise to 1,195 in fiscal year 1968. The number of trial examiner decisions issued includes those issued after initial unfair labor practice hearings as well as the supplemental decisions issued including resolution of remedial issues such as backpay.

Although we have scheduled, as indicated, a substantial increase in work for the trial examiner corps, we have provided for very little increase in trial examiners employed by the Board. In recent years, our problem has been to build up our trial examiner corps and substantial numbers of new trial examiners were hired in 1965 and in 1966. We now have about 100 trial examiners and have scheduled the employment of not more than 102 in fiscal year 1968. We expect that the trial examiners who have been hired will become more productive as they become experienced.

3. *Board Decisions*

In order to keep up with the decisions being issued by the trial examiners in unfair labor practice cases, and to reduce the backlog insofar as it still exists at the Board level, we have scheduled the issuance of 826 unfair labor practice decisions in 1967 as compared to the 760 issued in 1966, and a further increase to 870 in 1968. The Board, which has been able to increase productivity of its legal assistants by 16% in 1965 and by another 6% in 1966, has programmed additional increases of 2% in productivity for both 1967 and 1968.

In addition to the unfair labor practice decisions mentioned above, the Board also expects to issue about 200 representation case decisions on questions of representation affecting elections which are referred by the Regional Directors or reach the Board by way of a request for review as we have indicated in our submission, the Board passes on only 1 to 2% of the requests for election each year. All the rest are disposed of in the regional office either by consent or by formal decision of the Regional Director. The Board, in addition, rules on almost

500 requests for review of such director decisions and passes on a very substantial number of objection to election and challenge questions which arise after elections are held.

4. Court Enforcement

As the General Counsel will describe in greater detail, the Agency has a tremendous job of court enforcement because its orders are not self-enforcing. We are attempting to cope with this workload and have scheduled a heavy program for court litigation. We will continue to do our best to carry out this program.

MANAGEMENT IMPROVEMENT AND COST REDUCTION

Since most of the Agency's funds are spent on personnel, the Agency puts much emphasis on productivity improvement. Our division heads, as well as the Board and General Counsel, are always looking for better ways to accomplish the Agency's work so as to keep up with the constant drive to operate more efficiently and more economically. The Agency spurs this effort on by setting increased productivity goals each year and by asking our entire staff to cooperate in the achievement of these goals.

In 1964, for example, we were faced with a quickly increasing load of formal hearings and our backlogs at the trial examiner level were rising rapidly. One of our trial examiners, aware of the problem, suggested that the Board encourage its trials examiners to provide as much opportunity as possible for settlement of issues at the hearing. Other members of our staff participated in a final decision to send a letter to our trial examiners encouraging them to provide such opportunities in accordance with the Administrative Procedures Act and with the Agency's settlement program. The Division of Administration has estimated that 73 trial examiner decisions did not have to be issued as a result of the program's operation during calendar year 1965 and most of 1966. The Division estimated the saving to the Agency at \$136,000 in addition to the substantive benefits to the public which accrued from the settlement of these disputes. The Board is considering an appropriate form of recognition for the staff members involved in this successful effort to improve operations.

As indicated previously, the Agency values the cost reductions provided in its 1968 budget request at over \$400,000. In addition to productivity improvement, the Agency expects to reduce its costs for volumes of Board decisions as a result of the new printing program, and in addition, has reduced its estimates of miscellaneous expenses where efficiencies are considered possible.

SUMMARY

Our main concern at this time is still the solution to the rising tide of unfair labor practice charges and resulting formal action. At the same time we have pursued and will continue to pursue diligently the President's and the Congress' goal of making certain that full value is secured for every dollar spent.

With your guidance and understanding as in previous years, we intend to meet and deal with these problems as effectively and skillfully as we can, bearing in mind at all times the responsibilities laid on us by the Congress.

STAFF PERSONNEL

Senator HILL. You summarize as you wish.

Mr. McCulloch. I shall also submit subsequently the names of all of our staff people who are here to answer questions that might come up.

Senator HILL. All right, sir.

(The names appear on page 351.)

BUDGET REQUEST

Mr. McCulloch. Our appropriation request this year, Mr. Chairman, is for \$32,288,000. This is \$1,258,000 above the current year's requirements. We have figured that on the basis of the appropriation, plus the mandatory pay increase sum that we expect to have.

Of this \$1,258,000 increase, \$896,500 is for mandatory administrative costs, and \$361,500 of it is for increased program costs.

Senator Hill. You don't have any controls, then; is that correct?

Mr. McCulloch. That is correct.

Senator Hill. In other words, you charge them up to Congress?

WORKLOAD

Mr. McCulloch. Well, the parties do. They file all these matters that we have to take care of, and then, to avoid the parties complaints about delay, we try to dispose of them.

Our case intake continues to rise, but at a somewhat lower rate than 2 to 3 years ago. In addition, the cases involving probable violations of the act are rising in percentage. These cases we call merit cases because they seem likely to involve a violation.

When you get a rise both in the volume of cases coming in and in the percentage of so-called merit cases, you can see what happens to the workload. We made a computation that showed the "merit cases" received in the last fiscal year—and these are the ones that take the most work—were four times the "merit cases" in 1958.

Senator Hill. Four times? That much?

Mr. McCulloch. Four times.

Senator Hill. Quite an increase.

Mr. McCulloch. It is a very substantial one; and it is a good measure of the work that the regional office staffs and the Board staff too, are accomplishing.

VOLUNTARY SETTLEMENTS

Now, the voluntary settlement rate of these "merit cases" continues to rise, and this is one of the outstanding achievements of the agency. About 80 percent of the "merit cases" received result in voluntary settlements or adjustments achieved.

Senator Hill. Eighty percent?

Mr. McCulloch. Eighty percent.

Senator Hill. Isn't that an awfully good record?

Mr. McCulloch. It is an outstanding record; and I can perhaps be pardoned for boasting about it because once again most of the agency people who are carrying this burden are under the General

Counsel's supervision. Perhaps I can be a little immodest in his behalf.

The trial examiner corps have also cooperated ably in achieving this high level of voluntary settlements, but theirs is a lesser contribution in relation to that of the regional office.

Senator HILL. Why not that figure a few years ago?

Mr. McCULLOCH. It was 20.7 percent of total dispositions in 1962, about 23 percent in 1963-64; now it is up to 27.3 percent. Every 1 percent change, up or down, may make a difference of as much as 140 or 150 cases that have to be fully litigated, and you can see what that means in terms of the Board's decisional burden in unfair labor practice cases.

LABOR-MANAGEMENT COOPERATION

Senator HILL. You and I attended a luncheon here a week ago last Thursday that I thought was very gratifying. It was commemorating the 25th million voter.

Mr. McCULLOCH. In a Labor Board election.

Senator HILL. In a Labor Board election, and that luncheon was sponsored jointly by management and labor, showing how you got them coming along now. You see, I was in the House when they passed the Wagner Act and I voted for it but I remember the tremendous opposition to it.

Mr. McCULLOCH. You have a great perspective on the origin and development of this law and the work of administering it, and you have pointed out one of the matters on which we are making progress. We have not finally succeeded, but the conferences that the staff and the members and the General Counsel of the Labor Board have held with both the leaders of labor and with the leaders of management, I think, are producing a greater degree of cooperation and of compliance with the law.

CASE DISPOSITION

I would note in a general way also that we are achieving a speedy disposition of the major part of our workload. This again is primarily the work of the regional offices. Probably 90 percent of both the representation cases and the unfair labor practice cases that we have, we have disposed of on the average in about 45 days.

ASSUMPTIONS FOR BUDGET REQUEST

Now, we still have problems of delay and higher case backlogs than we like at some levels, but to accomplish the agency's work tasks that we see ahead, our appropriation request is based upon estimates which assume a 3¼-percent increase in case intake, a 1-percent increase of aggregate work to accomplish a reduction of our backlog, making a total of four and a half percent increase in our workload.

The request is based, secondly, on an assumption of an increase of only 3 percent in our average employment; and, third, to accomplish the 4¼-percent increase in our work output we hope that the committee will approve the 4-percent increase in our appropriation.

Of the necessary average employment increase of 64, 27 of the 64 will be in field offices; 37 will be in the Washington staff, where the backlog problems are the most acute.

Now, our figures, I would merely point out, on our intake estimates are below the experience of prior years. but our 1965-66 experience revealed a lower rate of increase than we had been experiencing before. So once again, conservatively, our revised estimate for the current year, fiscal year 1967, is for an unfair practice case increase of only 1 percent with representation case intake somewhat exceeding that, because representation cases increased 5 percent last year. For the coming year, 1968, for which this appropriation is being requested we estimate an unfair labor practice situation increase of about 2.9 percent and a representation case increase of 5 percent.

BACKLOGS DELAYS

We continue to emphasize, Mr. Chairman, our agency goals of high-quality handling of cases, of a high level of voluntary settlements, which I have already mentioned, and of reduction in our time delays.

We have had some success in meeting the problem of time delays. The trial examiner calendar was reduced from 12 weeks to about 8, and we are trying to get that down to 4 to 5 weeks.

UNFAIR LABOR PRACTICE DECISIONS

At the Board level, the backlogs and delays in some cases are still higher than we would like to have them, but the Board's production of unfair labor practice decisions last year was at an all-time high of 760 of those decisions issued.

Senator HILL. An all-time high, you say?

Mr. McCulloch. Yes. In addition there were 200 very complicated representation cases which the Board disposed of; as well as 500 cases for review, which tend to involve more complicated representation issues. At the same time our productivity figures suggest that the Board's total activity and the productivity of it and its staff went up by 6 percent in the past year. We will be taxed to our utmost to reach the goals for 1967 and 1968.

IMPROVED MANAGEMENT EFFORTS

Of course, the fourth goal we continue to strive for is to improve our general management of the work of the agency. The General Counsel will comment on the field and the enforcement work, which on the one hand proceeds us, and on the other hand follows after our decision.

I will just close this summary by saying that we are privileged to work on this program which was adopted by the Congress and which we think is vital to the growth and peace of the industrial system. We will make every effort to carry out the duties laid on us by Congress and use wisely the funds entrusted to us.

Senator HILL. I know you do that, Mr. Chairman.

WAGNER ACT AND SOCIAL SECURITY ACT AMENDMENTS

What year was the Wagner Act passed?

Mr. McCulloch. In 1935.

Senator HILL. That is what I thought. That was a very historic year. I think that is the year we passed social security, was it not?

Mr. McCULLOCH. You are right, Senator. I believe that it was the same year for both pieces of legislation.

Senator HILL. 1935 was a very historic year.

STATEMENT BY GENERAL COUNSEL

Mr. McCULLOCH. The General Counsel may want to supplement my statement.

Mr. Ordman.

Mr. ORDMAN. May I have my statement submitted for the record? (The statement follows:)

I thank the Committee for this opportunity to appear on behalf of the National Labor Relations Board and to support its budget request for 1968.

THE AGENCY REQUEST

The Agency is requesting \$32,288,000 for 1968, or \$1,258,000 more than the \$31,030,000 which is required for 1967. This increase will pay for \$896,500 in mandatory administrative costs, and \$361,500 for program costs to support an increase in average employment of 64 or 3% and to handle an increase of 4½% in our work program.

Average employment on the General Counsel's staff is to be increased by 50 for an increase of 2.5%. Field employment is to be increased by 27 for an increase of less than 2%. The larger percentage increases are in the Washington staff because of increased emphasis on the backlog problem in the Agency's formal work, and because of the increased employment needs of our automated printing program. The differences between increased work and increased manpower are to be absorbed by our management improvement cost reduction efforts.

RESPONSIBILITIES OF THE OFFICE OF THE GENERAL COUNSEL

The National Labor Relations Act provides that "the General Counsel shall exercise general supervision over all attorneys employed by the Board (other than trial examiners and legal assistants to Board members) and over the officers and employees in the regional offices. He shall have final authority, on behalf of the Board, in respect of the investigation of charges and issuance of complaints under Section 10, and in respect of the prosecution of such complaints before the Board, and shall have such other duties as the Board may prescribe"

As a result of the delegations in the statute and those made by the Board under the statute, the General Counsel is responsible for the operation of the Agency's field offices and in addition supervises all litigation before and after Board decision. The Board has also delegated to the General Counsel supervision over the Division of Administration.

FISCAL YEAR 1966 OPERATIONS SUMMARY

Field Offices

Our field offices have, once more, done a fine job of carrying out the Agency's program in fiscal year 1966. Despite the ever increasing workload, which rose to a total intake of 28,993 cases, all cases filed were investigated currently and the great bulk of the cases was processed in 45 days or less. Even the time required to process a complaint to close of hearing, which had risen to 73 days in the first half of fiscal year 1966 as a result of the trial examiner backlog, is down to 67 for the first 6 months of this fiscal year. This improvement in the hearing calendar will help our field offices to operate on an even more current basis since this was the only area where cases were being held up.

In addition to meeting the labor relations need for quick action, our field offices also improved their settlement records by raising the percentage of merit cases settled (according to our monthly performance reports) from 3 out of 4 or about 75% in 1965 to 4 out of every 5 or about 80% in 1966, and thus far in 1967. Merit cases are those in which investigation reveals reasonable cause to believe unfair

labor practices have occurred, and, absent settlement, litigation must be initiated. I cannot overestimate the importance of the settlement factor. For example, the number of merit cases settled in 1966 increased by 437 over 1965. Also notable is the fact that 355 of these were settled after complaint was issued. Most significant is the fact that cases closed by settlement increased by 11.4% while merit increased 3.1%. In other words settlement increased above the need to keep up with merit by 8.3% or by 318 cases. When you compare these numbers to the 869 trial examiner decisions issued in 1966 in such cases, then you can see that the additional settlements amounted to almost a 50% increase in the trial examiner load, had they not been settled. Their effect on the need for Board decisions would have been equally devastating.

These accomplishments are all the more remarkable when you look at them in the light of the growing workload, the increasing difficulty in handling cases as a result of the increases in merit, and especially the complex problems arising from the need to investigate larger numbers of Section 8(a) (5) (refusal to bargain) allegations. The rise in these types of cases has been described in detail in our formal presentation. I would only like to reemphasize that an 8(a) (5) investigation and trial is a most difficult problem requiring much more time and technical proficiency than most other cases. This additional work reduced the average rate of productivity (in terms of the number of cases handled) in our field offices. It did not however, prevent the continued handling of cases on a current basis in a quality manner.

Another problem which we face, especially in our field offices, is the increasing loss of experienced people. Turnover is higher among clericals as well as professionals. In the professional area the problem is most acute because some of our better people at higher grades are yielding to attractive offers with which we cannot compete.

Litigation (Washington)

Our court litigation is extremely heavy. The Division of Litigation which is responsible for conducting this litigation on behalf of the Board assigned 69 attorneys out of a staff of 112 to handle this work but serious difficulties are being encountered in keeping abreast of the large volume. In fiscal 1966, a total of 349 petitions to enforce or review Board orders were filed in the U.S. Courts of Appeals. In the course of these judicial proceedings the Division filed 290 briefs and participated in 254 oral arguments. In addition, 36 cases of miscellaneous litigation were briefed and tried before U.S. District and Appeals Courts. Eighteen petitions for adjudication in contempt were filed in U.S. Courts of Appeals. In total, our U.S. Courts of Appeals work far exceeds that of any other Board or Commission. In fiscal year 1965, for example, 466 of the 1,106 government actions initiated in the Courts of Appeals were Board cases.

The Division's District Court Branch received injunction problems on advice and sent its own attorneys out to try some of the more significant injunction cases under Sections 10(j) and 10(l) in the U.S. District Courts. One hundred and ninety of these petitions were filed during the year, most of them by our regional offices. The Division, through the Office of Appeals which is part of it, processed 1,310 appeals from refusals by Regional Directors to issue complaints. The Division also handles the Supreme Court work of the Agency and in fiscal 1966 prepared petitions for certiorari, or briefs, or other memoranda in about 40 cases. The Division also includes a legal research section which, in addition to providing essential research and digest assistance to the Agency, is also working with the Division of Administration on the program for automating the Agency's operations, with special emphasis on legal problems.

Administration

In addition to carrying on its regular services, and its work on improvement of such services, the Division is responsible for the Agency's program to automate its operations. This program, begun in 1966, is showing great promise. As we reported last year we are continuing to work closely with the Government Printing Office to develop a regular process for printing full text material (our Board and Trial Examiner decisions) by photocomposition of the printing plate from computer tapes.

As a result of our work with printing and the need to buy computer time for the printing operation, it was suggested that a feasibility study be made to see whether our total need for computer operations made it advisable for the Agency to move toward such use. The Bureau of Standards, which conducted the feasibility study, has already informed us unofficially that it will affirma-

tively recommend our moving in this direction. We are still awaiting the formal report. The feasibility study indicates also that it would be possible and desirable for the Agency to automate its legal and nonlegal information gathering and reporting systems so that this information can be combined into one computer system capable of reporting and interpreting data for substantive and management needs. The Bureau of the Budget agrees with us that the accomplishment of this objective would not only be immensely valuable to this Agency, but would also provide a usable system that could be adapted for similar purposes by the other regulatory agencies, as well as by departments which have regulatory functions.

1968 PROGRAM

Field Offices

The Agency expects unfair labor practice intake to rise by 2.9% in 1968 and representation case intake to rise by 5.1% or a combined increase in intake, in terms of work units of about 3.5%. In addition, the Agency has scheduled a reduction of backlog in cases pending unfair labor practice hearing which represents an increase of 6% above intake in the program for disposition of these cases.

The work increases mentioned above are all programmed for current handling in our field offices in 1968, since it is agency policy to handle all work intake on a current basis and, where necessary, backlog in addition. This is a field increase in work of 3.5 to 4%. We have asked for an increase in field staff of 1.8% to accomplish this increase in work and have provided for a productivity increase of 2% to handle that portion of the work increase which exceeds the increase in employment. We have done this despite the growing difficulty of the casework handled, and despite the problem of turnover which has reduced the experience level of our professional staff from 78% having 2 years or more experience in fiscal year 1965 to 72.5% having that much experience in fiscal year 1966. We willingly undertake the very hard work necessary to accomplish this program.

Litigation

As explained in greater detail by the Chairman, our emphasis is being placed on reducing backlog and time delay in the formal processing of cases. The final point in this process for most cases and the largest part of our litigation work is handled by the Appellate Court Branch of the Division of Litigation.

I have already given you some idea of the magnitude of the court litigation handled by this Branch. In 1968, the Branch will be faced with a 5.3% work intake increase in the form of petitions for review and requests for enforcement of Board decisions. In addition, we have provided for reduction in the Branch's backlog (which has been growing) so that the program of work increase here is almost 8%. To handle that increase, plus increases in miscellaneous, contempt, and Supreme Court work, we have provided for a 3% increase in the employment of attorneys with the remainder of the work increase to be accomplished by productivity improvement.

Administration

This Division faces the problem of converting the Agency's information gathering and reporting services to modern automated computer ways. The problem is not an easy one. Others have tried to fuse administrative and legal service requirements on a computer basis but, so far as our research has disclosed, no one has yet succeeded in achieving a completely integrated system. The Division, working with the Division of Litigation's Legal Research Branch, has set up a prototype system of printing Board decisions by computer photocomposition and we expect shortly to have our new printing system operative. This team is now planning our approach to working out the problems of establishing bridges between the legal research material and the Agency's other information systems so as to provide a quickly responsive and substantively oriented total information system. Such a system would be able to tell us what types of substantive problems are contained in the cases filed, and how many there are of each type of problem so as to indicate the magnitude of the problem. It would be able to trace the handling of these problems from field operation through the litigation process so as to provide comprehensive information in advance as to the nature, scope, and prevalence of the problems and issues which will confront the Board. It should include information on remedy so as to allow us to measure the effectiveness of the remedies being used and provide clues as to new direc-

tions remedies should take. The possibilities are endless and their use is not limited to this Agency but is applicable to all regulatory processes.

SUMMARY

With your help and understanding we have been able to make demonstrable progress in virtually all the areas which are significant in the operations under the supervision of the Office of the General Counsel. In cooperation with the Chairman and the Members of the Board, but respecting our separate statutory functions, substantial progress has been made to fulfill the functions which have been delegated to the Agency by the Congress. I look forward hopefully to a continuation of your understanding and assistance in our further efforts.

UNFAIR LABOR PRACTICES CASE PROCESSING BY REGIONAL OFFICES

Mr. ORDMAN. I will be brief.

As you know, the General Counsel is in charge of investigation and prosecution of cases and supervision over our 31 regional offices which, as Frank McCullough has said, handle 90 percent of the work in the unfair labor practice field and a similar amount in the representation field without any resort to the Board at all. Unless we succeed in doing this, of course, the workload on the Board, itself, would be staggering.

I want to call your attention especially to pages 5 and 6 of the justification which contain the disposition of the cases that we have. If you will, I think you can see it there in perspective. This little white portion, of the 16,000-case burden of the Board in unfair labor practices, all but this little white wedge are taken care of in the regional offices; the remainder is the only part that gets to the Board.

Senator HILL. The remainder is all?

Mr. ORDMAN. This little white wedge is the sole portion of the total caseload that gets the Board; everything else is disposed of at the regional office level by withdrawal, dismissal, or adjustment.

Mr. McCULLOUGH. This is a case where the smaller the piece of pie we get in Washington, the better.

Senator HILL. I understand. You have no jealousy about your work, do you?

CASE DISMISSALS, WITHDRAWALS, AND SETTLEMENTS

Mr. ORDMAN. I think it is hardly necessary to stress that the effectiveness of this little white portion is why we are able to secure dismissals, withdrawals, and most particularly settlements, because the little white portion which is the Board decision has found general public acceptance by labor and management; otherwise, we would not be able to dispose of this great big portion. I don't want to underestimate the importance of this little white portion here.

In terms of numbers, Mr. Chairman, the settlement figure is 27.3 percent of our total caseload and about 80 percent of our merit cases. That makes four out of five of the cases that we would otherwise go to trial on. That represents, in numbers, 4,261 cases.

Senator HILL. That many?

Mr. ORDMAN. That many. That is what that 4,261 cases represents.

Senator HILL. Let me ask you this.

CASES SETTLED AFTER HEARING BUT PRIOR TO BOARD DECISION

I notice this black part in here, "Other disposition, 2.5 percent." What does that mean?

Mr. ORDMAN. Those are cases which we are unable to settle and which go to hearing but the parties, after the trial examiner's decision, decide either to comply with the trial examiner's decision before it gets to the Board or at some point because of the occurrence of other events the case is withdrawn or dismissed after the complaint issues, so that black part never gets to the Board, itself.

Senator HILL. It never gets to the Board?

Mr. ORDMAN. That is correct. It get to the trial examiner, very frequently.

CASE DISPOSITION

Now, I will only say a word as to our performance in terms of time. As Frank McCulloch mentioned, we are proud of our time performance. Of course, there are occasional complaints of timelag where there is full litigation. Our full procedure takes time; you have to have the trial examiner decision, time for exceptions, Board decision, and if the parties want it under the law they are entitled to go to court for review of the Board decision.

But it is important to remember that 90 percent of our cases, including the representation cases are disposed of without litigation, on the average, in 45 days or less. The great mass of the cases—

Senator HILL. Forty-five days or less?

Mr. ORDMAN. Forty-five days or less.

Now, the one we get the complaints about are those inevitable ones that linger on but they are not representative; they come from the 5 percent that are fully litigated.

COURT LITIGATION PROGRAM

I will talk about our litigation record which comes after the decisional phase. We have no choice there, either. The Board order has no teeth until enforced by the court. We carry a massive litigation program in the courts of appeals which is almost half the total caseload of all administrative agencies together. We argue during the court session 2.2 or 2.3 cases every day the courts of appeals are in session.

Senator HILL. That many?

Mr. ORDMAN. That many. This happens, of course, when the parties insist on having their court review, as they are entitled to under the act.

The record of success both in litigation before the trial examiners and the board and our record of success before the courts of appeals, I think, is a tribute to our staff people and also a tribute to the quality of the board decisions. If we did not have good decisions, no matter what effort—I don't want to deprecate the effort the lawyers make who do present these cases—we would not have this high degree of success in litigation.

SUMMARY OF OPERATIONS

I don't want to impose any further, Mr. Chairman, but I would call your attention, if I may, to the operation summary for the Office of General Counsel which covers fiscal year 1966, and the first half of fiscal year 1967. This summary contains a rather detailed exposition of the operation of the Office of the General Counsel. I won't ask

to have it inserted in the record, but I would like to call the attention of the committee to it.

I have given a copy of this to each member of the Labor Committee and to the office of the clerk. However, if the committee desires, I will see that additional copies are furnished.

Senator HILL. Will you see to it that the clerk gets them?

Mr. ORDMAN. I certainly will.

Again, Mr. Chairman, like Mr. McCulloch, I want to thank this committee for its understanding and cooperation in the past and express the hope that with your cooperation we will continue to do at least as good a job and I hope a better job than we have done.

Senator HILL. I think you are doing a good job.

Anything else you gentlemen would like to add, anybody else?

Mr. Chairman and Mr. Ordman, we certainly want to thank you very, very much. You certainly have our best wishes. We do appreciate your statements. Thank you very, very much.

Mr. McCULLOCH. Thank you.

NATIONAL MEDIATION BOARD

STATEMENTS OF FRANCIS A. O'NEILL, JR., CHAIRMAN, NATIONAL MEDIATION BOARD; HOWARD G. GAMSER, MEMBER; THOMAS A. TRACY, EXECUTIVE SECRETARY; AND C. E. KIEF, MEMBER; H. V. BORDWELL, MEMBER; PATRIC V. POPE, ADMINISTRATIVE OFFICER, NATIONAL RAILROAD ADJUSTMENT BOARD

APPROPRIATION ESTIMATE

"TITLE IV—NATIONAL MEDIATION BOARD

"SALARIES AND EXPENSES

"For expenses necessary for carrying out the provisions of the Railway Labor Act, as amended (45 U.S.C. 151-188), including temporary employment of referees under section 3 of the Railway Labor Act, as amended, at rates not in excess of \$100 per diem; and emergency boards appointed by the President pursuant to section 10 of said Act (45 U.S.C. 160), [~~\$2,085,000~~] \$2,150,000."

Program and financing

[In thousands of dollars]

	1966 actual	1967 est.	1968 est.
Program by activities:			
1. Mediation.....	731	762	789
2. Voluntary arbitration and emergency disputes.....	351	459	660
3. Adjustment of railroad grievances.....	868	831	701
Total program costs, funded.....	1,950	2,052	2,150
Change in selected resources.....		33	
10 Total obligations.....	1,950	2,085	2,150
Financing:			
25 Unobligated balance lapsing.....	127		
40 New obligational authority (appropriation).....	2,077	2,085	2,150
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures).....	1,950	2,085	2,150
72 Obligated balance, start of year.....	159	187	190
74 Obligated balance, end of year.....	-187	-190	-190
77 Adjustments in expired accounts.....	-16		
90 Expenditures.....	1,907	2,081	2,150

Object classification

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Personnel compensation:			
11.1 Permanent positions	970	1,027	1,050
11.3 Positions other than permanent	507	599	624
11.5 Other personnel compensation	3	3	
Total personnel compensation	1,480	1,629	1,674
12.0 Personnel benefits	80	85	92
21.0 Travel and transportation of persons	223	230	243
23.0 Rent, communications, and utilities	46	55	55
24.0 Printing and reproduction	83	46	46
25.1 Other services	15	16	16
25.2 Services of other agencies	3	1	1
26.0 Supplies and materials	13	15	15
31.0 Equipment	7	8	8
99.0 Total obligations	1,950	2,085	2,150

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	107	107	104
Full-time equivalent of other positions	20	23	23
Average number of all employees	120	126	126
Average GS grade	8.6	8.6	8.7
Average GS salary	\$9,069	\$9,462	\$9,685

FUNCTION OF THE BOARD

The National Mediation Board administers the Railway Labor Act governing labor relations in the Railroad and Airline industries. The general purposes of the Act are as follows:

1. To avoid any interruption to commerce or to the operation of any carrier engaged therein;
2. To forbid any limitation upon freedom of association among employees or any denial, as a condition of employment or otherwise, of the right of employees to join a labor organization;
3. To provide for the complete independence of carriers and of employees in the matter of self-organization;
4. To provide for the prompt and orderly settlement of all disputes concerning rates of pay, rules, or working conditions;
5. To provide for the prompt and orderly settlement of all disputes growing out of grievances or out of the interpretation of application of agreements governing rates of pay, rules, or working conditions.

These general purposes are implemented through the activities of the National Mediation Board, Arbitration and Emergency Boards and the National Railroad Adjustment Board.

PROGRAM AND PERFORMANCE

1. *Mediation.*—The Board mediates labor disputes and determines collective-bargaining representatives for the 700 carriers and 1.25 million employees in the railroad and airline industries.

Mediation cases	1965 actual	1966 actual	1967 estimate	1968 estimate
Pending, start of year	333	372	542	502
Received during year	342	516	360	360
Closed during year	303	346	400	400
Pending, end of year	372	542	502	462

2. *Voluntary arbitration and emergency disputes.*—When mediation fails, the parties are urged to submit their differences to arbitration or special adjustment boards, including neutral members paid from this account. If neither mediation nor voluntary arbitration are successful, the President, when notified of disputes which threaten seriously to interrupt service, may appoint an emergency board to investigate and report on the disputes as a basis for agreement.

Public Law 89-456, enacted on June 20, 1966, amends the Railway Labor Act and provides that either the carrier or the organization can request establishment of a special adjustment board to dispose of disputes otherwise referable to the National Railroad Adjustment Board. It is therefore expected that the activity will increase in 1968, while the number of cases submitted to the Railroad Adjustment Board will decrease. The anticipated changes in workload are reflected in the table below and in the table under activity 3.

	Number of boards			
	1965 actual	1966 actual	1967 estimate	1968 estimate
Arbitration boards.....	2	5	10	10
Special adjustment boards.....	105	121	155	195
Emergency boards.....	4	1	7	7

3. *Adjustment of Railroad Grievances.*—Railroad employee grievances resulting from application of collective bargaining contracts may be brought for settlement to the 36-man board composed of 4 divisions. Each division has an equal number of carriers and union representatives paid by the parties and handles the grievances of a particular type of employee. The appropriation provides clerical assistance to the Board and neutral referees to sit with divisions of the board when they are deadlocked.

Workload	1965 actual	1966 actual	1967 estimate	1968 estimate
Pending, beginning of year.....	6,560	6,245	6,090	6,000
Received during year.....	1,571	1,554	2,030	500
Closed during year.....	1,886	1,709	2,120	1,300
Pending, end of year.....	6,245	6,090	6,000	5,200
Referee days of service.....	2,550	2,311	3,185	1,070

PREPARED STATEMENT

Senator HILL. Mr. O'Neill, the National Mediation Board.

Glad to have you gentlemen back with us.

You may proceed now in your own way, sir.

Mr. O'NEILL. Mr. Chairman, we appreciate this opportunity to present our budget submission for 1968.

With your permission, we ask that our statement be inserted in the record.

Senator HILL. All right. We will have it appear in full at this point in the record.

(The statement follows:)

I appreciate the opportunity to present to the Subcommittee the National Mediation Board's budget for fiscal year 1968.

The National Mediation Board is charged with the administration of the Railway Labor Act. The purpose of the Act is to prevent any interruption in the operation of any railroad or airline carrier engaged in commerce by providing procedures for the prompt and orderly settlement of disputes covering rates of pay, rules or working conditions, or the interpretation of agreements governing rates of pay, rules or working conditions.

The Act, when originally passed in 1926, applied only to the railroad industry and included procedures and methods for handling labor disputes founded upon practical experience by both the carriers and labor organizations.

In 1934 the Act was amended to provide a method whereby the National Mediation Board could determine and certify the collective bargaining representative of the employees. At that time, the National Railroad Adjustment Board was established to dispose of grievance cases and disputes involving the interpretation or application of the terms of collective bargaining agreements. The airlines and their employees were brought within the scope of the Act in 1936.

An expedited procedure for handling grievances and interpretations of agreements in the railroad industry was authorized by Public Law 89-456, approved June 20, 1966. Special Boards of Adjustment may now be created at the request of either the carrier or the labor organization. These boards provide a method for handling grievances to a conclusion on the property without undue delay.

The administration of the Railway Labor Act is carried out through three activities.

First, mediation, which is concerned with the making and amending of agreements in the industry served. The National Mediation Board is responsible for this activity. For this activity, the Board is requesting \$789,000—an increase of \$22,000 over the amount available in the current fiscal year. This increase is requested in order to meet increased pay costs incurred as a result of Public Law 89-504, and also the addition of one (1) position at the GS-05 level to assist in handling and processing the increased number of applications for special boards of adjustment anticipated because of the passage of Public Law 89-456.

The second activity relates to voluntary arbitration and emergency disputes. This activity is concerned with the settlement of disputes in which the parties have voluntarily agreed to submit their dispute to a neutral party for final and binding decision and investigation of disputes which threaten substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation. For this activity the Board is requesting \$660,000—an increase of \$200,000 over the amount available for this activity in fiscal year 1967. This increase is being requested in order to have available in this fund sufficient resources to finance the increased number of special boards of adjustment which is anticipated as the result of Public Law 89-456, approved June 20, 1966.

It should be noted that the funds available for this activity are used to finance emergency boards created under Section 10 of the Railway Labor Act, as well as arbitration boards and special boards of adjustment. The Board is not able to anticipate precisely the total expenditures for these activities, and it is therefore desirable to have a reserve available for emergency situations.

The third activity is the adjustment of railroad grievances. This activity pertains to the interpretation or application of wage and rules agreements. The National Railroad Adjustment Board is concerned with the administration of this phase of the Railway Labor Act and representatives of that Board are here to answer questions relating to this phase of our appropriation request. For the Adjustment Board \$701,000 is being requested for fiscal year 1968, which represents a decrease of \$156,700 over the amount available in fiscal year 1967.

In summary, the National Mediation Board is requesting a total of \$2,150,000 to finance activities under the Railway Labor Act for the fiscal year 1968, an increase of \$65,000 over the amount authorized for the present fiscal year.

MANDATORY INCREASE

Mr. O'NEILL. For the Mediation Board, itself, we are asking for an increase of \$22,000 which represents for the most part the increases passed by the Public Law 89-540.

Senator HILL. You mean you could not pin that on Congress? You had no discretion?

SPECIAL BOARDS OF ADJUSTMENT

Mr. O'NEILL. That is correct, Mr. Chairman.

One new position of a clerk to handle the problems which we will have under Public Law 89-456. That is an amendment to the act which

was passed by the Congress the last session by which either party may ask for the setting up of a special board of adjustment to handle either new cases or those pending at the National Railroad Adjustment Board.

NATIONAL RAILROAD ADJUSTMENT BOARD

The second phase of it is what we call the Arbitration and Emergency Board feature. There is an increase there of \$200,000 but that will be used to cover these special boards which the Congress saw fit to pass last year. The National Railroad Adjustment Board is to receive \$156,700 less than they received in this current fiscal year.

Senator HILL. Less?

Mr. O'NEILL. Less, that is correct, making an overall total of the \$65,000 increase in our budget for the current year.

Senator HILL. Why are you able to give the Adjustment Board less?

Mr. O'NEILL. Well, it is contemplated by the Bureau of the Budget that there will be a considerable amount of work taken away from the Adjustment Board and put into these special Boards of Adjustment and accordingly, they will not need as much referee money.

AUTHORITY TO TRANSFER FUNDS

However, they have contemplated that may not occur and with the help of the Congress this budget has been worked out now where if there is need at Chicago they can come to the Mediation Board and have funds transferred to them. If the chairman will recall, some years ago when any of those shifts had to be made, we had to come to the Congress.

Senator HILL. That is right.

Mr. O'NEILL. Now it has been worked out so that on a quarterly basis we can see how the caseload is being handled and the shift will be possible.

That, in summary, Mr. Chairman, is our submission this year.

STRIKE SETTLEMENTS

We feel that things are fairly quiet in the industry and we hope to keep it that way. We settled 65 percent of the employees in the railroad industry so far and we hope to get the rest of them behind us in the next couple months.

Senator HILL. As long as things are quiet, people are happy, aren't they?

Mr. O'NEILL. Sure.

NATIONAL RAILROAD ADJUSTMENT BOARD STATEMENT

Senator HILL. Anything else you gentlemen would like to add?

Mr. KIEF. We have a statement.

Senator HILL. We will have it appear in full in the record at this point.

(The statement follows:)

ESTIMATE OF APPROPRIATION, 1968

While many of the members of the Committee are familiar with this agency, we believe a brief statement of the establishment and operation of the Board will bear repeating. The National Railroad Adjustment Board was created by Act of Congress, approved June 21, 1934, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of agree-

ments concerning rates of pay, rules, or working conditions. The disputes are first handled locally on the property, and if not adjusted there, are processed through successive steps up to and including the chief operating officer of the carrier designated to handle such disputes. If not adjusted in this manner, they are then referred to the appropriate division of the Adjustment Board for settlement.

The Board is composed of thirty-six members, eighteen selected and paid by the carriers and eighteen selected and paid by organizations of railway employees which are national in scope. The Act provides for four divisions of the Adjustment Board, each of which has jurisdiction over disputes involving certain groups of employees. For example, the First Division has jurisdiction over disputes involving train and yard service employees; the Second Division, shop crafts; the Third Division, clerical forces, maintenance-of-way men, dispatchers, etc.; and the Fourth Division, water transportation and miscellaneous.

There are ten members, five labor and five carrier, on each the First, Second, and Third Divisions, and six members, three of each labor and carrier, on the Fourth Division. Since the labor and carrier members are equally divided, they frequently deadlock on cases, in which event they attempt and many times do agree upon a neutral, or referee, to sit with the division as a member and make an award. If the division fails to agree upon and select a referee, that fact is certified to the Mediation Board, which Board then selects the referee.

The establishment of a number of special boards on individual properties has somewhat reduced the backlog of cases. In the meantime, new cases continue to be received almost as fast or perhaps faster than disposition is made of old ones. There has been a decided increase in the number of cases submitted by the non-operating employees. Causes for the increases are the amendment to the Railway Labor Act permitting the union shop and resulting subsequent agreements; changes in agreements including the adoption of the 40 hour work-week; the national agreement covering vacations, pay for holidays, and time limit for submitting cases.

In order to reduce the large backlog of Third Division cases, following an agreement of the parties, there has been established a supplemental board of ten members, which is making progress in reducing the number of pending cases. Salaries of these members are also paid by the parties they represent.

It might be pertinent to point out that there are some twenty standard railroad labor organizations and hundreds of railroads; and it is estimated there are about 5,000 agreements in effect between these carriers and labor organizations covering rates of pay, hours of service, working conditions, etc. It is these agreements with which we deal.

During the last fiscal year, the four divisions of the Board received and docketed 1,554 cases and closed 1,709, but a backlog of 6,090 remained as of June 30, 1966. Many of these cases may involve hundreds of thousands of dollars.

The estimate for the fiscal year 1968 is \$701,000, which is \$156,700 less than the estimate for the current year. We should like to stress the fact that the salaries of the members of the Board and the Third Division Supplemental Board are paid by the labor organizations and the carriers. It is estimated that this amounts to more than \$800,000 per year. In addition, both labor organizations and the carriers furnish research and technical assistance to some of their members. Thus, these two parties bear more than half the cost of operation of the Board.

Mr. Chairman, that concludes my statement, but we shall be glad to answer any questions the Committee may want to ask.

SPECIAL BOARDS OF ADJUSTMENT

Senator HILL. Anything you have to say to it?

Mr. KIEF. No; we don't have anything to say for it. We sincerely hope the PL boards will reduce that backlog. There has been quite a request for the PL boards in the last 2 months; some 32 have been set up. About 300 cases have been withdrawn from the Board at the present time so we expect that to catch on and more accomplishments be made.

Senator HILL. Well, gentlemen, we want to thank you very much. We appreciate your testimony and your statements. Thank you for it very, very much.

Mr. O'NEILL. Thank you.

RAILROAD RETIREMENT BOARD

STATEMENTS OF HOWARD W. HABERMEYER, CHAIRMAN, AND MICHAEL RUDISIN, DIRECTOR OF BUDGET AND FISCAL OPERA- TIONS

APPROPRIATION ESTIMATE

"TITLE V—RAILROAD RETIREMENT BOARD

"PAYMENT FOR MILITARY SERVICE CREDITS

"For payment to the railroad retirement account for military service credits under the Railroad Retirement Act, as amended (45 U.S.C. 228c-1), **\$17,201,000** **\$17,839,000.**"

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
10 Payment to Railroad retirement account (costs—obligations) (object class 41.0).....	16,558	17,201	17,839
Financing:			
40 New obligational authority (appropriation).....	16,558	17,201	17,839
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)	16,558	17,201	17,839
90 Expenditures.....	16,558	17,201	17,839

TABLE 2

	Estimate, 1967	Estimate, 1968	Increase or decrease
Programs by activities: Payment to railroad retirement account.....	\$17,201,000	\$17,839,000	+\$638,000
Financing: New obligational authority (appropriation).....	17,201,000	17,839,000	+638,000

JUSTIFICATION OF ESTIMATES

Railroad workers entering military service may have such service credited towards benefits under the railroad retirement system under certain conditions. Under existing law the Government is obligated to pay to the Railroad retirement account the additional cost of crediting military service rendered prior to 1937 and used in computing annuities under the Railroad Retirement Act. For military service performed during war-service periods after 1936 and before 1957, the Government is required to pay the combined employer-employee payroll tax on \$160 for each month of military service. For service after 1956 and before July 1963, the Government is required to pay the difference between the combined taxes on \$160 and the combined social security taxes actually paid with respect to the military service involved. For creditable military service rendered after June 1963, payments are on a cost basis including an overhead factor.

An appropriation of \$17,839,000 is requested for fiscal year 1968 for payment to the Railroad retirement account for military service credits under the Railroad Retirement Act. The appropriation request of \$17,839,000 consists of \$17,730,000 as the fourth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963, plus \$109,000 for the additional cost for military service performed before 1937 and used in computing annuities certified in fiscal year 1966.

Details regarding the calculation of the amount of the fourth installment and a schedule of the amounts of the remaining six installments are given in the following tables.

TABLE 3.—*Calculation of fourth installment*

1. Appropriation due the Board on July 1, 1964-----	\$155,695,000
2. Less first installment appropriated in fiscal year 1965-----	13,834,000
3. Balance -----	141,861,000
4. Plus accrued interest on balance for fiscal year 1965-----	5,674,000
5. Balance due July 1, 1965-----	147,535,000
6. Less second installment appropriated in fiscal year 1966 (one-ninth of item 5)-----	16,393,000
7. Balance -----	131,142,000
8. Plus accrued interest on balance for fiscal year 1966-----	5,246,000
9. Balance due July 1, 1966-----	136,388,000
10. Less third installment appropriated in fiscal year 1967 (one-eighth of item 9)-----	17,049,000
11. Balance -----	119,339,000
12. Plus accrued interest on balance for fiscal year 1967-----	4,774,000
13. Balance due July 1, 1967-----	124,113,000
14. Fourth installment for appropriation in fiscal year 1968 (one-seventh of item 13)-----	17,730,000
15. Plus additional cost for military service performed before 1937 and used in computing annuities certified in fiscal year 1966--	109,000
Total-----	17,839,000

TABLE 4.—*Schedules of amount of 6 remaining installments*

Fiscal year	Amount due			Divisor	Installments
	Principal	Interest	Total		
1969-----	\$106,383,000	\$4,255,000	\$110,638,000	6	\$18,440,000
1970-----	92,198,000	3,688,000	95,886,000	5	19,177,000
1971-----	76,709,000	3,068,000	79,777,000	4	19,944,000
1972-----	59,833,000	2,393,000	62,226,000	3	20,742,000
1973-----	41,484,000	1,659,000	43,143,000	2	21,572,000
1974-----	21,571,000	863,000	22,434,000	1	22,434,000

APPROPRIATION ESTIMATE

"LIMITATIONS ON SALARIES AND EXPENSES

"For expenses necessary for the Railroad Retirement Board, **[\$11,175,000]** \$12,850,000, **[to]** of which \$12,600,000 shall be derived from the railroad retirement account, and \$250,000 shall be derived from the railroad retirement supplemental account, as authorized by Public Law 89-699, approved October 30, 1966."

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Maintenance of earnings accounts.....	295	314	386
2. Processing claims.....	8,788	8,351	9,211
3. Processing supplemental claim.....			250
4. Maintenance of beneficiary rolls.....	1,282	1,399	1,503
5. Hearings and appeals.....	72	67	68
6. Actuarial services.....	217	229	259
7. Administration.....	1,047	1,110	1,173
Total program costs, funded ¹	11,701	11,470	12,850
Change in selected resources ²	7		
Total obligations.....	11,708	11,470	12,850
Financing:			
Unobligated balance lapsing.....	17		
Limitation.....	11,725	11,470	12,850
Limitation:			
Railroad Retirement account.....	11,725	11,175	12,600
Railroad Retirement supplement account.....			250
Proposed increase in limitation for pay increases.....		295	

Object classification

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Personnel compensation:			
11.1 Permanent positions.....	8,281	8,362	9,111
11.3 Positions other than permanent.....	169	93	35
11.5 Other personnel compensation.....	439	124	202
Total personnel compensation.....	8,829	8,579	9,348
12.0 Personnel benefits.....	624	650	710
21.0 Travel and transportation of persons.....	235	239	256
22.0 Transportation of things.....	11	11	11
23.0 Rent, communications, and utilities.....	851	844	867
24.0 Printing and reproduction.....	56	50	55
25.1 Other services.....	212	214	229
25.2 Services of other agencies.....	736	728	737
26.0 Supplies and materials.....	129	128	135
31.0 Equipment.....	18	27	502
Total costs, funded.....	11,701	11,470	12,850
93.0 Administrative expenses included in schedule for fund as a whole.....	-11,708	-11,470	-12,850
94.0 Change in selected resources.....	7		
Total obligations.....			

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions.....	1,068	1,063	1,142
Full-time equivalent of other positions.....	28	22	20
Average number of all employees.....	1,099	1,034	1,110
Average GS grade.....	7.4	7.7	7.3
Average GS salary.....	\$7,969	\$8,212	\$8,245

TABLE 5.—*Summary of changes*

Current appropriation :	
1967 appropriation in annual act-----	\$11, 175, 000
Anticipated supplemental :	
Cost of work resulting from 1966 amendments to Railroad Retirement Act :	
Regular railroad retirement program-----	1, 175, 000
Supplemental annuity program-----	330, 000
Increases in pay rates-----	295, 000
Total -----	1, 800, 000
1967 total requirements-----	12, 975, 000
1968 request -----	12, 850, 000
Total change-----	-125, 000
Decreases :	
Net decrease in workloads from 1967 to 1968-----	-515, 000
Estimated savings from improvement in productivity-----	-102, 000
Decrease for 1 less compensable day-----	-32, 000
Total -----	-649, 000
Increases :	
Purchase of additional computer equipment-----	460, 000
Within-grade salary advancements-----	64, 000
Total -----	524, 000
Total net change requested-----	-125, 000

SUMMARY AND HIGHLIGHTS

Authority and Purpose

The Railroad Retirement Board administers a regular retirement system for the payment of retirement and disability annuities to railroad employees, annuities to their spouses, and benefits to their survivors. In October 1966, Congress enacted legislation to improve the system by providing a program for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. This new type of annuity is paid to employees aged 65 and over who retire directly from railroad service after completing 25 or more years of service and is in addition to their regular annuities. The Board also administers a system for the payment of unemployment, maternity, and sickness benefits to qualified railroad workers, and an employment service for placing unemployment benefit claimants in jobs. In addition, the Board participates in the administration of the hospital and medical insurance programs for persons covered by the Railroad Retirement Act.

Organizational Structure of the Railroad Retirement Board

The Board is composed of three members appointed by the President by and with the advice and consent of the Senate—one upon the recommendation of representatives of employees, one upon recommendation of representatives of carriers, and one, the Chairman, without designated recommendation. The Board's administrative organization is designed to integrate the administration of the programs conducted by the Board without duplication of facilities or operations.

Means of Financing

The unemployment and sickness insurance system is financed by contributions paid wholly by employers. Of the total contributions paid for this purpose, the portion represented by 0.25 per cent of the taxable payroll is permanently appropriated to the Board to cover the administrative costs of the system, with the remainder being credited to the Railroad unemployment insurance account in the unemployment trust fund for the payment of benefits.

The regular railroad retirement program is financed by taxes paid equally by railroad workers and employers. The Railroad retirement account is credited with the taxes and annuity payments are made from the Account. The amounts

needed for administrative expenses, as authorized by Congress in annual appropriation Acts, are derived from the Account.

The supplemental annuity program is financed by a tax paid by employers of two cents for each man hour for which they pay compensation. This tax is deposited in a separate trust account titled Railroad retirement supplemental account from which the supplemental annuities are paid. The amounts needed for administrative expenses of this program, as authorized by Congress in annual appropriation Acts, are derived from this Account.

1966 Railroad Retirement Act Amendments

In October 1966, Congress passed two pieces of legislation designed to liberalize and improve the retirement and survivor benefit program covering employees in the railroad industry. The more significant of these was Public Law 89-699, which introduced an industry-wide plan for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. The supplemental annuity program is financed by a tax paid by employers of two cents for each man hour for which they pay compensation. The new type of annuity is paid to employees aged 65 and over who are awarded regular retirement annuities after June 1966 and who retire directly from railroad service after completing 25 or more years of such service, and is paid in addition to their regular annuity. The supplemental annuity is payable in the minimum amount of \$45 a month for employees with 25 years of creditable service, and increases \$5 for each additional year, up to a maximum of \$70 for employees with 30 or more years of service. In the case of a person who also receives a supplemental pension paid by the employer, the supplemental annuity which would otherwise be payable by the Railroad Retirement Board is reduced by the portion of the supplemental company pension which is financed from contributions by the employer. It is estimated that 21,000 persons will qualify for supplemental annuities during 1967 and 16,000 during 1968.

Public Law 89-699 also provided for a 7% increase in regular benefits payable to persons who did not receive increases under the 1965 social security amendments or persons who did not receive benefits under the new supplemental annuity program. Railroad retirement beneficiaries who received increases in benefits under the 1965 social security amendments and who do not benefit from the 7% increase provided by Public Law 89-699 are persons who receive benefits under the provisions of law which guaranty that railroad retirement benefits will be at least 110% of benefits which the social security system would have paid on the basis of the railroad service involved, and persons on the railroad retirement rolls who also receive separate benefits under the social security system. If the increase these persons received through the enactment of the 1965 social security amendments was less than the increase which would be produced by the 7% increase otherwise provided by Public Law 89-699, then a partial increase for the difference is payable. Of the 922,000 beneficiaries on the rolls of the Board, approximately 294,000 beneficiaries will receive the full increase, 167,000 will receive a partial increase, and 461,000 will receive no increase.

The other piece of legislation enacted by Congress in October 1966 was Public Law 89-700, which extended survivor benefits to children aged 18-21 who are full-time students, liberalized the formula for computing residual payments to insure that the total amount payable in benefits will always be larger than the amount the employee paid in taxes, and made various other changes designed to remove inequities from the law.

Summary of Requirements for RR Administrative Expenses

The two pieces of legislation which amended the Railroad Retirement Act created large new work loads for the Board for fiscal years 1967 and 1968. In 1967, the additional work loads created by Public Law 89-699 include the work of administering the new supplemental annuity program; the processing of selective increases in benefit rates, many of which must be processed manually, and the handling of the large number of inquiries which will arise from persons who either receive no increase or a partial increase; processing an increased number of applications for regular annuities because of an expected acceleration in the rate of retirements as a result of the establishment of the system of supplemental annuities; processing a greater number of adjustments of annuities because of new additional conditions affecting the continuing entitlement to the amount originally awarded; and processing of the new work loads created by Public Law 89-700.

The new work loads created by Public Laws 89-699 and 89-700, approved October 30, 1966, will require an increase in the limitation on Salaries and Expenses, Railroad Retirement Board, for fiscal year 1967 of \$1,505,000, with \$1,175,000 of the increase to be derived from the Railroad Retirement Account and \$330,000 to be derived from the Railroad Retirement Supplemental Account.

In addition, the higher pay rates authorized by Public Law 89-504, approved July 18, 1966, will require a further increase of \$295,000 in this limitation. Total requirements for the administrative expenses of the railroad retirement system for fiscal year 1967 are as follows:

Present limitation-----	\$11, 175, 000
Proposed increases in limitation:	
Costs of Public Law 89-699 and 89-700-----	1, 505, 000
Costs of Public Law 89-504-----	295, 000
	<hr/>
	1, 800, 000
	<hr/>
Total requirements for 1967-----	12, 975, 000

For 1968, the administrative expense requirements of the railroad retirement system are \$12,850,000, which is \$125,000 less than estimated requirements for 1967. This net decrease of \$125,000 from 1967 to 1968 consists of a decrease of \$515,000 as a result of a net decrease in work loads from 1967 to 1968, a decrease of \$102,000 for an estimated improvement in productivity, and a decrease of \$32,000 because 1968 has one less compensable day than 1967, with these decreases partly offset by an increase of \$64,000 for within-grade salary advancements, and an increase of \$460,000 for this appropriations' share of the cost of the purchase of additional computer equipment to augment the over-loaded present equipment. The need for the additional computer equipment is critical because demands on the existing equipment far exceed its capacity, even though the equipment is being utilized 24 hours a day and 7 days a week. Because of lack of machine time, the Board has had to delay the payment of benefits to unemployment, sickness, retirement and survivor beneficiaries and postpone the installation of machine programs which would improve operations and provide better service to its beneficiaries.

The request of \$12,850,000 as a limitation on the administrative expenses of the railroad retirement system does not provide for the costs of handling the additional work which would be created for the Railroad Retirement Board by the enactment of the legislation being proposed for the social security system.

For a general indication of the magnitude of the operations under the railroad retirement system, it should be noted that benefit payments under existing legislation are expected to total to \$1,312,500,000 in 1968, consisting of \$1,289,500,000 in regular benefits and \$23,000,000 in supplemental annuity payments. Beneficiaries on the rolls of the Board at the end of 1968 are expected to total 952,000, consisting of 512,000 employees retired for age and their wives, 130,000 employees retired for disability and their wives, and 310,000 survivors, with 34,000 employee annuitants receiving supplemental annuities.

Payments to Railroad Retirement Account for Military Service Credits

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. An appropriation of \$17,839,000 is requested to pay the fourth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963.

Activity 1. Maintenance of earnings accounts

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits-----	30	\$237, 000	30	\$237, 000	-----	-----
Other expenses-----		77, 000		78, 000	-----	+\$1, 000
Computer equipment-----				71, 000	-----	+\$71, 000

Total-----	30	314, 000	30	336, 000	-----	+72, 000

Average manpower estimates are as follows:

	Man-years		
	1967	1963	Increase or decrease
Permanent and temporary employees.....	28	27	-1
Overtime equivalent.....	2	2	-----
Total.....	30	29	-1

The maintenance of earnings accounts includes the work of processing of employers' reports of employees' compensation and service, for use in making claims payment determinations. Information must be accumulated for every railroad employee to identify the actual calendar months worked and the creditable earnings from January 1937 to date. In addition, railroad service rendered prior to 1937 also must be developed when claimed, since such service usually is creditable under the Act.

The work load for maintaining wage accounts of railroad employees fluctuates with the level of employment in the railroad industry, rates of turnover, and similar factors. The best single work load item to use to measure the level of activity in this work is the number of accounts in which earnings have been recorded, which are estimated at 920,000 in 1967 and 910,000 in 1968.

No change of consequence is expected in the man-year requirements to conduct this highly mechanized operation.

Activity 2. Processing Regular Claims

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	890	\$8,368,000	890	\$7,869,000	-----	-\$499,000
Other expenses.....	-----	1,218,000	-----	1,119,000	-----	-99,000
Computer equipment.....	-----	-----	-----	223,000	-----	+223,000
Total.....	¹ 890	¹ 9,526,000	890	9,211,000	-----	-315,000

¹ Includes 59 positions and \$1,175,000 to be financed by supplemental appropriation request.

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees.....	884	866	-18
Overtime equivalent.....	65	22	-43
Total.....	¹ 949	888	-61

¹ Includes 125 man-years to be financed by supplemental appropriation request.

The processing of claims includes the development, adjudication and initial certification for payment of claims for regular annuities from aged or disabled workers, wives, widows, children and dependent parents; the establishment of eligibility and enrollment of individuals covered by the Railroad Retirement Act for hospital and medical insurance; handling inquiries from beneficiaries or potential beneficiaries regarding their rights under the railroad retirement system; and the performance of related activities.

Public Laws 89-699 and 89-700, approved October 30, 1966, which amended the Railroad Retirement Act created large new work loads for the Board for fiscal

years 1967 and 1968. The additional work created for this activity includes the processing of selective increases in benefit rates, many of which must be processed manually; handling of inquiries from beneficiaries or potential beneficiaries affected by the new legislation; processing of an increased number of applications for regular annuities because of an expected acceleration in the rate of retirements as a result of the establishment of the system of supplemental annuities; processing a greater number of adjustments of annuities because of new additional conditions affecting the continuing entitlement to the amount originally awarded; processing applications from new classes of persons made eligible for benefits such as students aged 18-21; and processing various miscellaneous adjustments in benefits required by the new legislation.

The principal work loads in this activity under the amended legislation are as follows:

	Estimate, 1967	Estimate, 1968	Increase or decrease in 1968
Regular claims dispositions, including reopened claims	190,800	190,800	-----
Beneficiary inquiries and contacts	907,000	850,000	-57,000
Benefit rate adjustments:			
Required by Public Law 89-699	461,000	-----	-461,000
Other adjustments	120,000	85,000	-35,000

A proposed supplemental appropriation request for 1967 would provide an additional \$1,175,000 needed for this activity to process the added work for handling because of the new legislation. This would make available for this activity a total of 949 man years for 1967. Upon completion of the non-recurring portion of the amendment work in 1967, total man-year requirements would then decrease to 888 in 1968. The decrease in man years would be principally in temporary employment and overtime.

Activity 3. Processing supplemental claims

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits	27	\$281,000	27	\$214,000	-----	-\$67,000
Other expenses		49,000		36,000	-----	-13,000
Total	¹ 27	¹ 330,000	27	250,000	-----	-80,000

¹ To be financed by supplemental appropriation request.

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees	27	27	-----
Overtime equivalent	8	1	-7
Total	¹ 35	28	-7

¹ To be financed by supplemental appropriation request.

Public Law 89-699 provided a system for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. The supplemental annuity program is financed by a tax paid by employers of two cents for each man hour for which they pay compensation. The new type of annuity is paid to employees aged 65 and over who are awarded

regular retirement annuities after June 1966 based on 25 or more years of service and is paid in addition to the regular annuity. The supplemental annuity is payable in the minimum amount of \$45 a month for employees with 25 years of service, and increases \$5 for each additional year, up to a maximum of \$70 for employees with 30 or more years of service.

In the case of an individual entitled to a supplemental pension paid by the employer, the supplemental annuity which would otherwise be payable is reduced by the amount of the supplemental company pension attributable to the employer's contribution; except that the reduction is not applicable if the company pension is reduced by reason of the supplemental annuity to which the individual is entitled under Public Law 89-699. The amounts by which supplemental annuities are reduced by reason of pension payments by an employer are credited against taxes on man hours imposed on such employer.

Work involved in administering this program includes development and evaluation of information relating to company pension plans; processing cases of persons eligible for supplemental annuities which make it necessary in each case to elicit information from the employee and employer as to the employee's entitlement to a company pension, elicit information from the employer needed to determine the portion of the company pension financed by employer contributions and to ascertain whether the company will reduce its pension by reason of the employee's entitlement to a supplemental annuity; making complex determinations as to the portion of the company pension deemed to be attributable to employer contributions; providing for a reduction in the supplemental annuity of the portion of the company pension financed by employer contributions, if no reduction is made in the company pension; adjudicating and certifying the supplemental annuity for payment; maintaining the in-force roll of supplemental annuities; accumulating for each employer the reductions made in supplemental annuities for its employees because of company pensions financed by employer contributions and certifying quarterly to the Secretary of the Treasury the aggregate of such reductions for each employer for tax credit purposes; adjusting supplemental annuities in the event company pensions change; and performing actuarial, statistical, fiscal, and other miscellaneous activities.

It is estimated that 21,000 persons will qualify for supplemental annuities during 1967 and 16,000 during 1968. Approximately 1,000 cases are expected to be adjusted in fiscal year 1967 and a like number in 1968 because of changes in employer pension plans.

The funds needed to administer this program in 1967 are to be provided by a supplemental appropriation, with the amount appropriated to be derived from the Railroad Retirement Supplemental Account. It is estimated that 35 man years will be needed to administer this program in 1967 and 28 man years in 1968.

Activity 4. Maintenance of beneficiary rolls

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.	76	\$541,000	76	\$546,000	-----	+\$5,000
Other expenses.....	-----	\$58,000	-----	\$65,000	-----	+7,000
Computer equipment.....	-----	-----	-----	92,000	-----	+92,000
Total.....	76	1,399,000	76	1,503,000	-----	+104,000

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees.....	73	73	-----
Overtime equivalent.....	-----	-----	-----
Total.....	73	73	-----

This activity includes the maintenance of the monthly rolls of retirement and survivor beneficiaries, payments to the Treasury Department for the cost of preparing and mailing the monthly benefit checks, and the verification of the eligibility of beneficiaries to continue to receive monthly benefits. Methods used to check on continuing eligibility include the use of annual questionnaires and a comprehensive computer program under which the Board and the Social Security Administration earmark their master tape records and periodically each agency notifies the other of the occurrence of events which would effect the benefits payable by the other agency. This comprehensive tape exchange program is producing large savings to the trust fund by disclosing overpayments of \$8.3 million since it was inaugurated several years ago. Equally important, the program reduces hardship to beneficiaries, because disqualifying events now are disclosed sooner preventing large accumulations of overpayments for subsequent collection.

The number of beneficiaries on the rolls is estimated to be 943,000 at the end of 1967 and 952,000 at the end of 1968.

The number of man years needed to handle the work of this activity is estimated at 73 for 1967 and a like number for 1968.

ACTIVITY 5.—*Hearings and appeals*

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	5	\$82,000	5	\$63,000	-----	+\$1,000
Other expenses.....	-----	5,000	-----	5,000	-----	-----
Total.....	5	67,000	5	68,000	-----	+1,000

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees.....	5	5	-----
Overtime equivalent.....	-----	-----	-----
Total.....	5	5	-----

Individuals whose claims for annuities or benefits are disallowed or who dispute the award have the right to appeal to the Board's appeals council and subsequently to the Board itself, prior to the judicial review afforded by Section 11 of the Railroad Retirement Act.

Approximately 200 appeals are expected to be handled in 1967 and in 1968 by the Board's appeals council.

Activity 6. *Actuarial services*

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	21	\$215,000	21	\$214,000	-----	-\$1,000
Other expenses.....	-----	14,000	-----	14,000	-----	-----
Computer equipment.....	-----	-----	-----	31,000	-----	+\$1,000
Total.....	21	229,000	21	259,000	-----	+30,000

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees.....	20	20	-----
Overtime equivalent.....	-----	-----	-----
Total.....	20	20	-----

This activity includes the work of preparing actuarial valuations of assets and liabilities of the railroad retirement system as required by law; preparing projections, cost estimates, and other reports relating to the existing benefit program as well as proposed amendments to either the Railroad Retirement Act or the Social Security Act; and conducting studies for the financial interchange with the social security system. These latter studies determine the amounts for transfer between the social security trust funds and the Railroad retirement account to place each trust fund in the same position in which it would have been if employment under the Railroad Retirement Act after December 31, 1936, had been employment under the Social Security Act from that date. The importance of these studies, which are required annually, can best be realized from the fact that hundreds of millions of dollars are involved in the financial interchanges.

The files of statistical data compiled for analytical and actuarial purposes also have great administrative value. They have been used to give rapid effect to changes in benefits under amendments and to identify those beneficiaries who come under the several policing programs. The savings accruing to the Board over the years from these files have been very great.

No change is expected in man-year requirements from 1967 to 1968.

Activity 7. Administration

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	93	\$917,000	93	\$915,000	-----	-\$2,000
Other expenses.....	-----	193,000	-----	199,000	-----	+6,000
Computer equipment.....	-----	-----	-----	59,000	-----	+59,000
Total.....	93	1,110,000	93	1,173,000	-----	+63,000

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees.....	92	92	-----
Overtime equivalent.....	2	2	-----
Total.....	94	94	-----

This activity embraces the functions of executive direction and general administration, including activities such as personnel, fiscal property management, budgeting, administrative planning and control, and other similar activities.

No change is expected in man-year requirements from 1967 to 1968.

PREPARED STATEMENT

Senator HILL. Railroad Retirement Board.

Mr. Habermeyer.

Mr. HABERMEYER. I have a statement that I would like to have inserted in the record in full.

Senator HILL. All right. We will have that appear in full in the record.

(The statement follows:)

Mr. Chairman and members of the committee, the Railroad Retirement Board administers a regular retirement system for the payment of retirement and disability annuities to railroad employees, annuities to their spouses, and benefits to their survivors. In October 1966, Congress enacted legislation to improve the system by providing a program for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. This new type of annuity is paid to employees aged 65 and over who retire directly from railroad service after completing 25 or more years of service and is in addition to their regular annuities. The Board also administers a system for the payment of unemployment, maternity, and sickness benefits to qualified railroad workers, and an employment service for placing unemployment benefit claimants in jobs. In addition, the Board participates in the administration of the hospital and medical insurance programs for persons covered by the Railroad Retirement Act.

Organizational Structure of the Railroad Retirement Board

The Board is composed of three members appointed by the President by and with the advice and consent of the Senate—one upon the recommendation of representatives of employees, one upon recommendation of representatives of carriers, and one, the Chairman, without designated recommendation. The Board's administrative organization is designed to integrate the administration of the programs conducted by the Board without duplication of facilities or operations.

Means of Financing

The unemployment and sickness insurance system is financed by contributions paid wholly by employers. Of the total contributions paid for this purpose, the portion represented by 0.25 per cent of the taxable payroll is permanently appropriated to the Board to cover the administrative costs of the system, with the remainder being credited to the Railroad unemployment insurance account in the unemployment trust fund for the payment of benefits.

The regular railroad retirement program is financed by taxes paid equally by railroad workers and employers. The Railroad retirement account is credited with the taxes and annuity payments are made from the Account. The amounts needed for administrative expenses, as authorized by Congress, are derived from this trust fund.

The supplemental annuity program is financed by a tax paid by employers of two cents for each man hour for which they pay compensation. This tax is deposited in a separate trust account titled Railroad retirement supplemental account from which the supplemental annuities are paid. The amounts needed for administrative expenses of this program, as authorized by Congress, are derived from this trust fund.

1966 Railroad Retirement Act Amendments

In October 1963, Congress passed two pieces of legislation designed to liberalize and improve the retirement and survivor benefit program covering employees in the railroad industry. The more significant of these was Public Law 89-699, which introduced an industry-wide plan for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. The supplemental annuity program is financed by a tax paid by employers of two cents for each man hour for which they pay compensation. The new type of annuity is paid to employees aged 65 and over who are awarded regular retirement annuities after June 1966 and who retire directly from railroad service after completing 25 or more years of such service, and is paid in addition to their regular annuity. The supplemental annuity is payable in the minimum amount of \$45 a month for employees with 25 years of creditable service, and increases \$5 for each additional year, up to a maximum of \$70 for

employees with 30 or more years of service. In the case of a person who also receives a supplemental pension paid by the employer, the supplemental annuity which would otherwise be payable by the Railroad Retirement Board is reduced by the portion of the supplemental company pension which is financed from contributions by the employer. It is estimated that 21,000 persons will qualify for supplemental annuities during 1967 and 16,000 during 1968.

Public Law 89-699 also provided for a 7% increase in regular benefits payable to persons who did not receive increases under the 1965 social security amendments or persons who did not receive benefits under the new supplemental annuity program. Railroad retirement beneficiaries who received increases in benefits under the 1965 social security amendments and who do not benefit from the 7% increase provided by Public Law 89-699 are persons who receive benefits under the provisions of law which guaranty that railroad retirement benefits will be at least 110% of benefits which the social security system would have paid on the basis of the railroad service involved, and persons on the railroad retirement rolls who also receive separate benefits under the social security system. If the increase these persons received through the enactment of the 1965 social security amendments was less than the increase which would be produced by the 7% increase otherwise provided by Public Law 89-699, then a partial increase for the difference is payable. Of the 922,000 beneficiaries on the rolls of the Board, approximately 294,000 beneficiaries will receive the full increase, 167,000 will receive a partial increase, and 461,000 will receive no increase.

The other piece of legislation enacted by Congress in October 1966 was Public Law 89-700, which extended survivor benefits to children aged 18-21 who are full-time students, liberalized the formula for computing residual payments to insure that the total amount payable in benefits will always be larger than the amount the employee paid in taxes, and made various other changes designed to remove inequities from the law.

Summary of Requirements for RR Administrative Expenses

The two pieces of legislation which amended the Railroad Retirement Act created large new work loads for the Board for fiscal years 1967 and 1968. In 1967, the additional work loads created by Public Law 89-699 include the work of administering the new supplemental annuity program; the processing of selective increases in benefit rates, many of which must be processed manually, and the handling of the large number of inquiries which will arise from persons who either receive no increase or a partial increase; processing an increased number of applications for regular annuities because of an expected acceleration in the rate of retirements as a result of the establishment of the system of supplemental annuities; processing a greater number of adjustments of annuities because of new additional conditions affecting the continuing entitlement to the amount originally awarded; and processing of the new work loads created by Public Law 89-700.

For 1967, the administrative expense requirements of the railroad retirement system are \$12,975,000. This amount consists of the \$11,175,000 regular appropriation limitation for 1967, plus a supplemental increase of \$1,505,000 needed for costs of handling work created for the Board by Public Laws 89-699 and 89-700, and a supplemental increase of \$295,000 for pay act costs.

For 1968, the administrative expense requirements of the railroad retirement system are \$12,850,000, which is \$125,000 less than estimated requirements for 1967. This net decrease of \$125,000 from 1967 to 1968 consists of a decrease of \$515,000 as a result of a net decrease in work loads from 1967 to 1968, a decrease of \$102,000 for an estimated improvement in productivity, and a decrease of \$32,000 because 1968 has one less compensable day than 1967, with these decreases partly offset by an increase of \$64,000 for within-grade salary advancements, and an increase of \$460,000 for this appropriation's share of the cost of the purchase of additional computer equipment to augment the overloaded present equipment. The need for the additional computer equipment is critical because demands on the existing equipment far exceed its capacity, even though the equipment is being utilized 24 hours a day and 7 days a week. Because of lack of machine time, the Board has had to delay the payment of benefits to unemployment, sickness, retirement and survivor beneficiaries and postpone the installation of machine programs which would improve operations and provide better service to its beneficiaries.

The request of \$12,850,000 as a limitation on the administrative expenses of the railroad retirement system does not provide for the costs of handling the

additional work which would be created for the Railroad Retirement Board by the enactment of the legislation being proposed for the social security system.

For a general indication of the magnitude of the operations under the railroad retirement system, it should be noted that benefit payments under existing legislation are expected to total to \$1,312,500,000 in 1968, consisting of \$1,289,500,000 in regular benefits and \$23,000,000 in supplemental annuity payments. Beneficiaries on the rolls of the Board at the end of 1968 are expected to total 952,000, consisting of 512,000 employees retired for age and their wives, 130,000 employees retired for disability and their wives, and 310,000 survivors, with 34,000 employee annuitants receiving supplemental annuities.

Payments to Railroad Retirement Account for Military Service Credits

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. An appropriation of \$17,839,000 is requested to pay the fourth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963.

1968 NET DECREASE

Mr. HABERMEYER. In the interest of saving time and knowing of your knowledge of our system and problems, I just thought I would summarize.

Senator HILL. All right, sir.

Mr. HABERMEYER. We are asking for \$12,850,000 which will be about \$125,000 less than our total request for 1967. In 1967, we got congressional authority for \$11,175,000 and then because of the passage of two pieces of legislation we are asking for supplemental 1967 funds in the amount of \$1,505,000 and also a supplemental of \$295,000 to cover pay act costs. So our request for 1968 would be about \$125,000 less than the total request for 1967.

This net decrease of \$125,000 from 1967 to 1968 consists of a decrease of \$515,000 as a result of a net decrease in workloads from 1967 to 1968, a decrease of \$102,000 for an estimated improvement in productivity, and a decrease of \$32,000 because 1968 has 1 less compensable day than 1967, with these decreases partly offset by an increase of \$64,000 for within-grade salary advancements, and an increase of \$460,000 for this appropriation's share of the cost of the purchase of additional computer equipment to augment the overloaded present equipment.

ADDITIONAL COMPUTER EQUIPMENT

The need for the additional computer equipment is critical because demands on the existing equipment far exceed its capacity, even though the equipment is being utilized 24 hours a day and 7 days a week.

Senator HILL. How old is that present equipment?

Mr. HABERMEYER. About 3½ or 4 years old. We are not throwing that out. We need that as well as additional equipment.

Senator HILL. You are still going to use it?

Mr. HABERMEYER. Yes, sir.

Senator HILL. Will this additional equipment be much improved on the old?

Mr. HABERMEYER. Yes; much quicker and has much bigger capacity. Yes, sir.

Senator HILL. Made quite a bit of advance, have they not?

Mr. HABERMEYER. Yes.

Senator HILL. Quite a bit.

Mr. HABERMAYER. Big advancements.

Senator HILL. But you are still going to use the old?

Mr. HABERMAYER. Yes, sir. It will allow us to work on a two-shift basis and a 5-day week rather than a 7-day week.

MILITARY SERVICE PAYMENTS

There is one other item in this request we are making and that is the request for \$17,839,000, which is the fourth installment of the military service payments that the Government has agreed to make to the railroad retirement system. Some years ago, you remember, we agreed to resolve the problem of military service credits by spreading the appropriations over the 10-year period. This is the fourth year of that request.

I think outside of that, Mr. Chairman, that is all.

Senator HILL. This is not new; you had this before?

Mr. HABERMAYER. Yes; we have had this before.

Senator HILL. Yes.

Anything you would like to add, sir?

Mr. RUDISIN. No, sir.

PUBLIC LAW 89-699

Senator HILL. What did you think of that legislation passed last year, Public Law 89-699?

Mr. HABERMAYER. I thought it was very beneficial and was happy there was no controversy. As you know, these bills had the support of both railroad labor and railroad management. It certainly added a lot of work to the Board's operations, but we are digging out of that right now and things are coming along nicely.

Senator HILL. I understand.

Insofar as the parties and program are concerned, it added morale, didn't it?

Mr. HABERMAYER. Yes; very much so.

Senator HILL. Gentlemen, we want to thank you. You also bring a mighty good statement. Thank you very, very much. You don't leave any room for questions.

Mr. HABERMAYER. Thank you.

FEDERAL MEDIATION AND CONCILIATION SERVICE

SALARIES AND EXPENSES

STATEMENT OF ROBERT H. MOORE, DEPUTY DIRECTOR; ACCOMPANIED BY WILLOUGHBY ABNER, SPECIAL ASSISTANT TO THE DIRECTOR; L. E. EADY, DIRECTOR, ADMINISTRATIVE MANAGEMENT; JAMES J. DINNENY, ASSOCIATE DIRECTOR, ADMINISTRATIVE MANAGEMENT; AND GUY MARINO, CHIEF, BUDGET AND FINANCE DIVISION

APPROPRIATION ESTIMATE

TITLE VI—FEDERAL MEDIATION AND CONCILIATION SERVICE

SALARIES AND EXPENSES

For expenses necessary for the Service to carry out the functions vested in it by the Labor-Management Relations Act, 1947 (29 U.S.C. 171-180, 182), including expenses of the Labor-Management Panel as provided in section 205 of said Act; expenses of boards of inquiry appointed by the President pursuant to section 206 of said Act; temporary employment of arbitrators, conciliators, and mediators on labor relations at rates not in excess of \$100 per diem; *rental of conference rooms in the District of Columbia*; and Government-listed telephones in private residences and private apartments for official use in cities where mediators are officially stationed, but no Federal Mediation and Conciliation Service office is maintained; **[\$7,100,000] \$7,475,000.**

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Mediation and conciliation of labor disputes.....	5,945	6,421	6,674
2. Ad hoc boards, panels, mediators, and consultants.....	38	125	125
3. Administration.....	602	651	676
Total program costs, funded.....	6,585	7,197	7,475
Change in selected resources.....	20		
10 Total obligations.....	6,605	7,197	7,475
Financing:			
25 Unobligated balance lapsing.....	114		
New obligational authority.....	6,719	7,197	7,475
New obligational authority:			
40 Appropriation.....	6,725	7,100	7,475
41 Transferred to "Operating Expenses, Public Buildings Service," General Services Administration (79 Stat. 531 and 80 Stat. 674).....	-6	-13	
43 Appropriation (adjusted).....	6,719	7,087	7,475
44 Proposed supplemental for civilian pay act increases.....		110	
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures).....	6,605	7,197	7,475
72 Obligated balance, start of year.....	287	327	437
74 Obligated balance, end of year.....	-327	-437	-453
77 Adjustments in expired accounts.....	-15		
90 Expenditures excluding pay increase supplemental.....	6,550	6,981	7,455
91 Expenditures from civilian pay act increase supplemental.....		106	4

Object classification

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Personnel compensation:			
11.1 Permanent positions.....	5,216	5,640	5,839
11.3 Positions other than permanent.....	35	83	83
11.5 Other personnel compensation.....	7	6	6
Total personnel compensation.....	5,258	5,729	5,928
12.0 Personnel benefits.....	384	435	467
21.0 Travel and transportation of persons.....	521	570	590
22.0 Transportation of things.....	20	23	30
23.0 Rent, communications, and utilities.....	276	297	310
24.0 Printing and reproduction.....	13	15	15
25.1 Other services.....	29	35	40
25.2 Services of other agencies.....	37	30	30
26.0 Supplies and materials.....	31	33	35
31.0 Equipment.....	36	30	30
99.0 Total obligations.....	6,605	7,197	7,475

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions.....	433	442	450
Full-time equivalent of other positions.....	4	4	7
Average number of all employees.....	427	444	455
Average GS grade.....	11.0	11.0	11.1
Average GS salary.....	\$12,448	\$12,973	\$13,200

SUMMARY OF 1968 ESTIMATE

The principal responsibilities of the Service are:

(1) To provide timely and intensive mediation to prevent work stoppages or to minimize their duration, and

(b) to encourage and assist the parties in the development and testing of new approaches for non-crisis solution of mutual problems.

Successful accomplishment of these program objectives contributes importantly to the economic well-being of the Nation.

There is little doubt but that labor-management contract negotiations will be difficult and protracted throughout the period covered by the fiscal 1968 budget. The Viet Nam situation, the high level utilization of the Nation's productive capacity, the tightening manpower situation, the continuing rapid changes in technology and automation, and the resulting inflationary pressures are culminating in higher union demands. Management is resisting these demands despite the present profit picture because of fear of incurring long term cost obligations that might be onerous if prosperity and rate of growth slackens.

The collective bargaining process is the primary means through which labor and management must reconcile their differences. The success or failure of this voluntary process will be determined by contract agreements negotiated at thousands of bargaining tables throughout the Nation. The ready availability of competent mediation assistance during this difficult period will serve the needs of both labor and management when negotiating impasses are reached.

Effective mediation is also an integral and vital adjunct of the Nation's defense position. As the Vietnam war has intensified, the need to avert strikes at defense oriented plants has increased sharply. Moreover, the widespread utilization of subcontractors and substantially increased purchases of military products have vastly enlarged the number of critical disputes. The Service has responded to these needs by priority attention to such disputes, by increased use of panels of mediators and by more national office participation in such cases. This concentrated effort will continue.

A total appropriation of \$7,475,000 is proposed for the budget year, an increase of \$265,000 (3.7 percent) over the current year's anticipated available funds. This increase is required for a total of eight (8) badly needed additional posi-

tions and for other objects as outlined in more detail in pages 28 to 31 of this statement.

The proposal for 1968 provides for 450 full-time positions distributed organizationally as follows:

1. A national office staff of 68 positions, an increase of one over the current year.
2. Seven regional director and seven assistant regional director positions.
3. A mediator complement of 271 positions, an increase of 6 over the current year.
4. A regional and field office administrative, stenographic, and clerical staff of 97 positions, an increase of one over the current year.

I. STATUTORY AUTHORITY

The Labor Management Relations Act, 1947, established the Federal Mediation and Conciliation Service as the only statutory federal agency having direct responsibility for providing mediation assistance in labor-management disputes and related activities having an effect on interstate commerce, exclusive of railroads and airlines.

Executive Order 10946, dated May 26, 1961, placed additional responsibilities on the Service in connection with labor-management relations and disputes at missile and space sites. Mediators employed by the Service serve as chairmen of local committees and thus handle the field operations of the President's Missile Sites Labor Relations Commission. The Director of the Service is Vice Chairman of the Commission.

II. ORGANIZATION

Organization of the Service is dictated by the fact that the need for mediation exists throughout all 50 states. A small staff of skilled mediators is employed on a full-time basis and stationed within the larger industrial communities. Despite the necessary geographical dispersion and the small size of the agency, 60 percent of the total personnel are full-time mediators. Moreover, many of the national office staff members and regional directors and assistant regional directors participate actively in mediation cases in addition to their staff and supervisory responsibilities. Approximately two-thirds of total agency staff is available for direct mediation and preventive mediation work.

The functional chart and regional map which follow show graphically the structure of the Service. Of particular interest on the regional map are the 7 regional offices, 67 field offices and 3 field stations. A field station is a one-mediator duty station at which the mediator works from his residence. At all other locations, mediators work from FMCS offices.

The functional chart, depicting the structure of the national office, reflects a reorganization of functions and responsibilities which took effect on January 1, 1966. As a result of the realignment, the former Office of Special Activities was discontinued and its responsibilities distributed to the remaining offices. No new offices were created. The principal changes were the transfer of direction and coordination of the preventive mediation activity to the Office of the Deputy Director, the transfer of the regional operations analysis and audit to the Office of Administrative Management; and the consolidation of public relations activities in the Office of Public Relations and Information.

The objectives sought were a more compact and efficient national office structure, and increased stature and more intensive effort in the development and coordination of the preventive mediation concept. Experience to date indicates that these principal objectives are being realized.

III. WORK PROGRAM

The program administered by the Service is outlined below. In the materials that follow thereafter each is treated separately with emphasis on the outlook and specific program proposals for fiscal year 1968.

- A. Dispute Mediation.
- B. Preventive Activity (including missile and space site activity).
- C. Boards of Inquiry and Other Ad Hoc Boards and Panels.
- D. Arbitration Services.
- E. National Labor-Management Panel.
- F. Mediator Training.

A. *Dispute Mediation*

The active dispute mediation workload in the past fiscal year was the heaviest on record since the Service became an independent agency in August 1947. The increase in 1966 was 5.2 percent above that of 1965.

The Service works intensively and aggressively in all negotiating situations where the companies are involved in military production. Close liaison exists between the Service and the military agencies. These cases receive and will continue to receive priority mediation attention.

The statistical data summarize disputes mediation activity over the past four fiscal years. The best single measure of disputes workload is the number of active cases. An active case is defined as one in which the mediator conducts one or more joint conferences.

Some measure of case difficulty and direct mediator time (exclusive of travel, preliminary and office work on the same cases) is the number of conferences required. A conference day may vary from 4 to 24 hours.

A third index of case difficulty and required mediator time is the number of these active cases in which two or more mediators are assigned as a panel in contrast to the normal solo mediation.

These data can be summarized as follows:

Active dispute cases, fiscal years 1964-66

	1964	1965	1966
Total active cases.....	7,221	7,445	7,834
Number of conferences (usually days) required.....	26,496	28,451	30,243
Number of cases requiring panels of mediators.....	392	508	594

In addition to the 7,834 active cases closed in 1966, there were some 13,000 assignments closed in which no formal mediation activity involving joint conferences was required. In each of these, however, it was necessary for the mediator to maintain liaison with the parties to be certain that negotiations were progressing satisfactorily and that there was no likelihood of a stalemate developing. This liaison activity requires a good deal of time. In many situations the mediator gives counsel and advice to the parties even though these assignments do not develop into or are not recorded as active cases.

The workload data is exclusive of missile sites activity and preventive mediation activities, reported hereafter.

TABLE A.—*Comparison of disputes mediation workload (number of cases exclusive of missile sites and preventive mediation activities), fiscal years 1963-66*

	(A) 1963	(B) 1964	(C) 1965	(D) 1966
A. Case totals:				
1. In process start of year.....	4,900	5,014	5,281	5,472
2. Assignments.....	19,987	20,797	21,262	20,230
3. Total.....	24,887	25,811	26,543	25,702
4. In process end of year.....	5,014	5,281	5,472	4,781
5. Cases closed during year.....	19,873	20,530	21,071	20,921
B. Analysis by types of mediation activity:				
1. Joint conference cases.....	7,013	7,221	7,445	7,834
2. Separate conference cases.....	338	324	316	300
3. No conference cases.....	10,772	11,208	11,283	11,050
4. No mediation activity.....	1,750	1,777	2,027	1,737
5. Cases closed.....	19,873	20,530	21,071	20,921
C. Mediator manpower available:				
1. Total mediator man-years available.....	229	235	246	254
2. Man-years assigned to missile sites activity.....	5	3	3	3
3. Net man-years available for regular disputes mediation and preventive mediation.....	224	232	243	251

B. Preventive Mediation

Through its preventive mediation program the Service seeks the long term improvement of the labor-management relationship and the resolution of continuing problems. The preventive mediation concept is one of the more significant developments in collective bargaining in recent years. The Service regards its role essentially as that of a catalyst in the process. The parties themselves must first be interested in making the preventive concept operate if it is to succeed.

Significantly, and as recorded in detail in previous submissions, the National Labor Management Panel in a formal report dated December 30, 1964 unanimously recommended that this program be expanded and that the Service be provided with adequate funds.

In October 1966, the American Assembly of Columbia University, meeting at Arden House, urged labor and management in key industries to consider revising their internal structures in an effort to promote more harmonious relationships. Year-around joint discussions on all issues of mutual concern were urged by the 70 Assembly participants—leading representatives of labor, business, government, the press, and the academic world.

During the fiscal year 1966 the Service engaged in 922 preventive mediation assignments, *nearly double* the 494 assignments of the previous fiscal year (1965). The potential for even further development exists, limited only by availability of mediator manpower. The mediation of "crisis" disputes obviously takes priority in day-to-day operations, but each mediator is alert to the possibilities of some type of preventive effort where the parties express an interest and a willingness in such effort. Most of the Service's preventive activity develops as an outgrowth of the mediation of "crisis" dispute situations. A total of 256 mediators participated in preventive mediation activity during 1966.

The mediators perform a wide variety of services and activities under the preventive mediation concept. Each case, however, necessitates its own treatment, tailored to fit the particular needs of the parties.

In the past fiscal year there were some 321 joint committee cases, 264 consultation or continuing liaison cases and 117 cases involving training programs. Few of these cases were identical even within these broad categories.

Missile and Space Sites Activity

Operating under the authority of Executive Order 10946 which established the Missile Sites Labor Commission, the Service continues to play an integral role in the labor-management activities at the missile sites and space centers. These activities are closely related to the preventive mediation concept.

The Director of the Service officiates as Vice-Chairman of the Commission. A coordinating office is maintained by the Service, which has the responsibility for communications between the local Site Committees and the Commission, and mediators serve as Chairmen of the local Site Committees. Each local Committee is comprised of representatives from building trades and industrial unions, construction and industrial contractors, as well as representatives of government procurement agencies. This composition assures all interested parties of consideration of their problems. These Committees utilize all voluntary settlement procedures already in existence, and encourage the establishment of such procedures where they do not exist. The role of the local mediator is to act as a catalyst in guiding the parties.

During fiscal year 1966, construction and modification work at the missile and space sites utilized 9,982,800 man-days as compared to 9,041,200 in the previous fiscal year. The heaviest activity took place at Cape Kennedy where 4,776,800 man-days were worked. Vandenberg, and Mississippi Test Facility also had considerable activity. Mediators were available on a priority basis at many other locations where lesser amounts of construction and modification work was performed. There were 54,687 man-days, involving 20,202 workers, lost due to work stoppages at all facilities. The ratio of man-days lost to total man-days worked was approximately one-half of one percent.

This record is testimony of the alert and capable job done by the assigned mediators and the Labor-Management Committees at the Sites. The Service in the current and the next fiscal year will continue to give priority attention to disputes affecting missile or space sites.

Table A (page 13) reflects some decline in man-year equivalents of field mediator time required. By far, the greatest time required was during a period beginning in 1961 and continuing into fiscal year 1963. Some further decline of field mediator activity is anticipated in fiscal year 1968 but it should be noted

that only 3 man-year equivalents are charged against the program for fiscal 1966, a small item indeed for the work actually performed.

C. *Boards of Inquiry and Other Ad Hoc Panels and Experts*

No Boards of Inquiry in emergency dispute situations were appointed in fiscal year 1966. Neither was there necessity for appointment of ad hoc boards or panels in other major dispute situations. This was due in large part to the intensive mediation efforts by FMCS staff in every major dispute situation. Outside experts and consultants were used with FMCS mediators in several difficult situations. More than \$55,000 of the funds earmarked in 1966 for the expenses of boards and panels was returned to the Treasury as surplus..

In the current year and the budget year, the Service will provide mediatory and administrative assistance to any such boards or panels that may be appointed by the President in emergency dispute situations under Section 206 of the Labor Management Relations Act. Intensive mediation efforts will always precede such Presidential action. Ad hoc boards or panels or individual experts in these or other major dispute situations are appointed only after the Director has determined the necessity for supplemental efforts.

It is not possible to predict the extent of future need for boards of inquiry, special boards, panels and outside experts. Two Taft-Hartley Boards have been needed during the first half of fiscal 1967. It is essential that the full amount of \$125,000 be made available. If not used in full, the balance will be returned to the Treasury, as in previous fiscal years.

D. *Arbitration Services*

During fiscal year 1966, the Service received 5654 requests for panels of arbitrators, an increase of 12 percent over the previous fiscal year. The seven-year tabulation on page 21 shows the very substantial and steady increases that have taken place in the utilization of the arbitration roster facilities of the Service. The data also show that arbitration continues to be utilized by both labor and management as a method for solving problems during the terms of their collective bargaining agreements. It is estimated that over 90 percent of collective bargaining agreements contain clauses providing for arbitration of disputes arising out of or in connection with the terms and application of the agreements.

The Service encourages voluntary arbitration by maintaining a roster of qualified arbitrators, and by helping the parties to select an impartial arbitrator to decide the issues in dispute. By handling 5654 requests for arbitration panels in fiscal year 1966, the data indicate that the Service is the leading agency engaged in the administration of labor arbitration cases. The parties pay the arbitrator's fee.

Arbitration workload

Processing requests for panels	Fiscal year						
	1960	1961	1962	1963	1964	1965	1966
Number of requests received.....	2,835	3,174	3,548	4,279	4,791	5,048	5,654
Number of panels issued.....	2,993	3,347	3,808	4,497	5,172	5,453	6,255
Number of selections made by the parties.....	1,988	2,185	2,303	2,719	3,142	3,286	3,386
Number of direct appointments made by the service at request of the parties.....	51	46	52	38	40	47	44

It is expected that the rate of arbitration service volume will continue to expand. The number of requests received for the first six months of the current fiscal year total 2980, an increase of 12.8 percent over the same months in the past fiscal year.

E. *National Labor Management Panel*

The National Labor Management Panel met three times during fiscal year 1966. The Panel, which is appointed by the President as an advisory body to the Director of the Service, consists of 12 working professionals from labor and management skilled in the daily problems of collective bargaining.

The Panel discussions are essentially private, thus making for a free and meaningful exchange of views. A number of subjects having to do with various aspects of the collective bargaining process and the role of mediation in that process are under review and discussion by the Panel.

Of the two formal reports which the Panel has issued, one has to do with the Panel's conception of its purpose and duties; the other, issued in December

1964, deals with the concept of preventive mediation and the role of third parties, such as the FMCS, in that area. The Panel has also endorsed the mediator seminar and workshop training programs, and many of its members have contributed their time and experience in making these training meetings more meaningful.

It is expected that the Panel will continue to operate in fiscal years 1967 and 1968 at about the same level as in the past few years.

F. Mediator Training

In its training activities, the Service objectives are to encourage and stimulate self development and professional growth of the entire staff. The major areas of training activity are: (1) the orientation and initial training of newly appointed mediation staff members (2) a continuing educational program for seasoned mediators designed to increase their skills and to review in depth current problems at the bargaining table and anticipated issues of a difficult nature.

New Mediation Orientation

During the fiscal year 1966, 18 newly appointed mediators participated in two separate orientation conferences. Each orientation session is of two weeks duration.

The orientation period is designed to quickly and effectively focus the attention of the new mediators, with their diverse backgrounds in collective bargaining, on the policies, procedures, and methodology of mediation. Lectures, group discussions, films and filmstrips, case studies, simulated mediation sessions, and problem assignments fill a compact schedule for the two-week period. Appropriate administrative rules and regulations are also included on the agenda.

Immediately subsequent to the orientation conference, field training begins under the direct supervision of the mediator's regional director and assistant regional director. After a short span of time learning regional procedures, the new mediator is assigned to mediation cases as an observer. Later he is named as a member of a mediation panel, and, as his own individual progress suggests, he will chair mediation meetings of less complex cases. Interspersed with the aforementioned duties are additional training sessions with senior mediators of the region, as such assignments are scheduled by the regional director.

National Seminars

Seminar 10 was held early in 1966 in Houston, Texas, with the entire mediator staff numerically divided as equitable as practicable between the January and February sessions.

Both week-long programs were structured around "Current Problems in Collective Bargaining." The mediators were joined in each seminar by more than 35 prominent practitioners in collective bargaining—representatives of management and labor, public figures, and academicians. Specific discussions and papers centered on equal employment statutes, industrial relations problems of the building and construction industry, areas of difficulty in preventive mediation, fringe benefit proposals and costing of such proposals, and changes in the bargaining techniques of the parties at the negotiating table.

Seminar 11 was held in Washington, D.C. in January, 1967. For the first time in its 20 year history, virtually all field mediators attended a single seminar at which some 76 outstanding leaders addressed the mediators or participated in workshop sessions.

Workshop Series

The Service maintained its continuing education program with four workshops during fiscal year 1966. Originally adopted late in fiscal year 1964, the workshops have proven to be widely accepted by the experienced mediators who have attended.

The subject matter of the first workshop (November 15-19, 1965) was "Creative Collective Bargaining."

The second workshop (February 14-18, 1966) was concerned with the subject "Setting Production Standards."

In the third workshop (March 28-April 1, 1966) attention of the mediator attendees was focused on "Industrial Relations in the Building and Construction Industry."

The fourth workshop (April 11-15, 1966) dealt with "Selected Collective Bargaining Problems."

A similar series of seminars and workshops are planned for both fiscal years 1967 and 1968. These programs are of established value in helping the mediator staff to improve its professional skill and abilities in all areas of labor-management relations and collective bargaining.

IV. MANPOWER AND FINANCIAL REQUIREMENTS

1. *Mediator Manpower Increases*

The estimate for 1968 proposes an increase of six mediator positions at grade GS-12. This will bring the total non-supervisory mediator staff to 271. This proposal is in keeping with the long-range objective of strengthening the total mediation function and minimizing costly industrial strife. The two pronged approach of intensified mediation in all threatening work stoppage situations, and more promotion and development of continuing non-crisis discussion free from contract deadlines, contributes effectively to the Nation's productivity and rate of economic growth. Reduction of man-day losses due to work stoppages is a constant objective.

The great need is for sufficient manpower with which to attain the program goals. Collective bargaining today is a far more complicated process than it was a few years ago. More mediation time and effort are called for in practically all assignments because of the number and complexity of current bargaining issues. Similarly, the development and promotion of preventive mediation projects are equally time consuming. The very nature of preventive mediation, in fact, calls for the major part of these assignments to be performed after normal working hours.

The Viet Nam war has very substantially increased the importance of disputes at defense plants. The Service gives high priority to such cases. Assignment of panels of mediators often including National Representatives ("trouble-shooters") requires more mediation manpower and a highly flexible mediation workforce. Effective mediation to avert a work stoppage or to shorten the few that have started is truly a part of the defense program.

The addition of six mediator positions will, in summary, help supply the manpower requirements needed to keep pace with expanding crisis mediation and preventive mediation workload and to assure an even more effective total mediation function.

2. *Clerical and Stenographic Positions*

Included in the estimate are two supporting typist and stenographic positions, one in the national office in the Office of Disputes and the other for one of the busier Regional Offices.

The increasing tempo in mediation and preventive mediation is steadily increasing the volume of supporting clerical and stenographic activity. The two positions included in the 1968 proposal will help to some minor extent in coping with it. In time a substantially larger clerical and stenographic force will be necessary, despite intensive efforts to simplify paper work.

3. *Other Non-Manpower Increases*

Other non-manpower increases totaling \$79,000 are related to personnel benefits (\$32,000), travel (\$20,000), communications (\$13,000), and other miscellaneous items (\$14,000).

The personnel benefits increase is related to and computed on the basis of additional personnel and compensation cost for 1968.

The travel increase of \$20,000 is related to the 6 new mediator positions and to increased disputes and preventive mediation activity.

The communications increase consists of \$13,000 and is related to increased Federal Telecommunications System toll and instrument rental charges.

The remaining increases totaling \$14,000 are the transportation of things (\$7,000), other contractual service (\$5,000), and supplies and materials (\$2,000).

PREPARED STATEMENT

Senator HILL. All right.

Mr. Moore, Federal Mediation and Conciliation Service.

Mr. MOORE. Good morning, gentlemen.

Senator HILL. Good morning. Nice to have you gentlemen back with us.

Mr. MOORE. Thank you. We are delighted to be here.

I don't think you have yet met the Assistant to the Director, Mr. Abner.

Mr. ABNER. Yes, sir; last year.

Senator HILL. Nice to have you back with us. Nice to have all of you.

Mr. MOORE. We have a written statement.

Senator HILL. It will be inserted in the record at this point in full. (The statement follows:)

May I express my regret to the Committee for not being able to personally appear and explain our appropriation request for fiscal year 1968.

Since detailed justification material has already been submitted, my remarks will be confined to a few of the more significant aspects of the request and to a few of my thoughts on the current labor relations outlook. The staff members present, will be pleased to answer any questions which the Committee may wish to raise.

Numerous predictions are being made these days that 1967 will be a year of turmoil in labor-management relations. There is a strong possibility that the year ahead will be difficult. Increased living costs, high industrial profits and tight labor markets make it certain that labor unions will present substantial wage demands. Cost of living escalator clauses to protect real wages will be sought. These and other demands coming at a moment of possible downturn in some key industries and some slowdown in the national rate of productivity growth are bound to encounter serious employer resistance.

More than three million workers are affected by key contracts expiring over the next several months. These include such industries as trucking, rubber, automobile, non-ferrous metals, meat packing, farm equipment, electrical machinery, pulp and paper, and construction. In addition, there will be over the next year or two, thousands of other smaller contract negotiations which will be as important in their totality as the larger, more visual ones.

I might say in passing that I am not as pessimistic about the 1967 negotiations as some others are, although I am convinced that it is going to be a rugged year. In the last half of calendar 1966 there were several critical negotiations concluded. Due to some very realistic bargaining and some very persistent mediation, agreements were reached. Strikes occurred at: General Electric, Westinghouse, and Raytheon, but time lost was minor compared with most popular advance predictions. Literally hundreds of other important but lesser publicized negotiations were successful without strikes. And where strikes did occur, most were of modest duration. If this sense of realism prevails in 1967 and 1968 negotiations, we may possibly see fewer stoppages than are now predicted. However, it would be naive to predict that the mediator's task will be easy. It will be increasingly more difficult.

In particular, the Service will be working intensively and aggressively in all negotiating situations in which the companies are involved in military production. As the Viet Nam war has intensified, the need to avert strikes at defense oriented plants has increased sharply. Moreover, the widespread utilization of subcontractors and substantially increased purchases of military products have vastly enlarged the number of critical disputes. The Service has responded to these needs by priority attention to such disputes, by increased use of panels of mediators, and by more national office participation in such cases.

This special attention to defense plant disputes has its obvious manpower implications.

The 1968 budget proposal represents a modest increase in our two-pronged program of dispute mediation and preventive mediation. The dispute case load (crisis mediation) in the past fiscal year again reached a new high level since the Service became an independent agency. The statistical data are shown on page 13 of the justification material.

A much more startling growth situation prevails in the preventive mediation portion of our total program as the data on page 15 of the justification reflect. As I have stated before, the preventive mediation or "continuing dialogue" concept is in my judgment one of the more significant developments in collective bargaining in recent years. Only recently, in October 1966, the American Assembly of Columbia University, meeting at Arden House, urged that labor and management in key industries consider revising their internal structures in an effort to promote more harmonious relationships. Year-around joint discussions on all issues of mutual concern were urged by the 70 Assembly participants who this year were leading representatives of labor, business, government, the press, and the academic world. This recommendation is in keeping with the Service's efforts to develop wider acceptance of the new concept.

In summary, there is nothing in the current labor relations picture that would indicate any lessening need for effective mediation. Free collective bargaining remains the keystone of our national labor policy, and no acceptable substitute has as yet appeared, or can appear. Competent mediation, readily at hand, should be the primary form of third party intervention available to the parties for help in adjusting their differences.

In terms of financial requirements, an appropriation of \$7,475,000 is proposed for fiscal year 1968. This is an increase of \$265,000 over the current year's anticipated available funds. In terms of manpower, six mediator positions and two clerk-secretary positions are proposed. Included, too, are funds for annualization costs for mediator positions budgeted for only a portion of the current year in accordance with our usual practice in respect to new mediator positions, and promotion to the next higher grade of new mediators who successfully complete the usual one-year probationary-training period. Funds included in the amount of \$70,000 represent restoration of pay increase cost absorption in the current fiscal year. Other non-manpower increases of a supporting nature totaling \$79,000 are included for personnel benefits, travel, communications and other miscellaneous items.

The money amounts and manpower requested are very substantially below our initial estimates to the Budget Bureau. My very reluctant assent to the reduction was based solely on Budget Bureau insistence that further appeals would be fruitless.

The full amount here being requested from the Congress is, I can state with sincere conviction, necessary for carrying out our mediation and conciliation responsibilities.

1967 TURBULENCE

Senator HILL. Well, sir, anything you want to say now?

Mr. MOORE. You are so thoroughly familiar with our operation, I won't be repetitious by explaining our function.

Senator HILL. You have been very successful this year?

Mr. MOORE. I think we have.

Senator HILL. From the record, you have been very successful.

Mr. MOORE. This was predicted to be a peaceful year. It has not turned out that way but some of the developments the latter part of the calendar year, and into the beginning of this, highlight our real problem.

PERSONNEL INCREASE

Our appropriation comes to you asking for a gross increase of \$265,000 and eight additional positions, six of which would be mediators' positions, one field clerical, one national office clerical.

1968 CONTRACT NEGOTIATIONS

Frankly, our problem this year may be almost uncontrollable; we hope not. We are not truly as pessimistic as the press reflects, mainly because we have had better luck maybe last year than we had a right to have.

Senator HILL. Well, things pyramid.

Mr. MOORE. Yes. This year we have more major contracts coming up for renewal since any time from 1959. There are over 700 major contracts coming up for renewal that cover a whole spectrum: the auto industry, the rubber industry. Thank goodness, the meat industry seems to be on the beam with that early Armour settlement.

You just go down the list of major agreements. Now we are more active in these than we used to be but the real impact on our service is the aftermath of the major settlements coming after 3- to 5-year contracts with the satellite operations where we are heavily involved,

which have to be negotiated in line with the major agreements. So, we look forward, frankly, to a very, very active year.

Now there are two relatively new developments that we might call to your attention.

Senator HILL. Proceed.

IMPACT OF LEGISLATION PROHIBITING CERTAIN STRIKES

Mr. MOORE. Within the past 6 months, we have had a great acceleration on the impact of bargaining of the military buildup. We had gotten by with practically never using Taft-Hartley for 3 or 4 years. In the past 7 or 8 months, we have used it three times on really relatively small operations, one concerning manufacturing jet engines, another one on the Kokomo, Indiana Carbide employing only 2,000 odd people, and now more recently last Friday on the west coast the building and repair operation which is only a section of the industry.

We have one or two others that are threatened because the military buildup is such in our appraisal that the ability to absorb work stoppage delay and production no longer exists like it used to.

Senator HILL. Like it did in the old days.

Mr. MOORE. They are already saturated for production. This has placed and will continue to place in our opinion a very real burden on our service because by agreement with the military we do give prior attention to military problems through panels, national office participation et cetera.

Our relationship, incidentally, has greatly improved so that we work in better cooperation.

PREVENTIVE COOPERATION

The other is the rather dramatic increase, and this is more by demand by the parties than insistence on our part by so-called preventive cooperation. Last year, the workload approximately doubled; this year it is running about 50 percent of last year, and this is to be a very productive way to spend man hours. It does more good; it relieves more pressures and produces better agreements than simple—

Senator HILL. Brings you better agreements.

Mr. MOORE. That is right.

Senator HILL. You have a better mood.

Mr. MOORE. We get better acceptability, greater desire. I think, frankly, we cannot take all this credit. Labor and management have shown very great statesmanship during these troubled times.

Senator HILL. That is all to the good.

Mr. MOORE. We are not too despondent. We are going to have to work like the dickens but we are not pessimistic. We say to you very frankly that we feel like what we come to you with is an irreducible minimum if we are to discharge our responsibilities.

Senator HILL. Good.

Anything you would like to add?

CONFERENCE ROOM RENTALS

Mr. EADY. Yes.

We would like to mention that we are requesting authority in our appropriation language for payment of conference room rental costs in the District of Columbia. This comes about by a comptroller's decision last August in which he points out that in the absence of specific congressional authority such rental expense may not be incurred. I don't mean to imply to use commercial space in every instance. This proposal is only to take care of those needs where our own facilities are not adequate, and we must necessarily rent conference rooms in hotels and the like.

Mr. MOORE. I could add that this comes up relatively infrequently and involves very little money.

Mr. EADY. Less than \$1,000 a year.

Senator HILL. Less than \$1,000 a year?

UTILIZATION OF PRIVATE SPACE

Mr. MOORE. By way of illustration, sir, we have the National Elevator Contractors Association bargaining in the office. As of Monday, we pulled in the Fafnir Bearing operation which Defense says is critical. We have no space for it. Fortunately, we can borrow space from the Department of Labor. If that space had not been available, we would have had to rent space.

You just have to have a place for the parties to meet when you bring them in at your request to expedite settlement.

Senator HILL. Sure. You have to have space for them before you bring them in.

Mr. MOORE. We don't use the commercial unless we have to. We use the departmental auditorium, anything close that we can borrow.

Senator HILL. This is only where you simply don't have any other space available; is that right?

PAYMENT BY BARGAINING PARTIES

Mr. MOORE. Once in a while, the parties refuse to meet down in our space, particularly over the weekend, because there is no place to eat, so they just insist on meeting uptown. When this happens, we make them pay for it. If we are pressuring them to stay and they don't want to stay, we may have to pay for it in order to hold them here, but basically your statement is completely correct.

Senator HILL. This would not amount to \$1,000?

Mr. MOORE. In our opinion, it would not amount to that much.

Senator HILL. For a year?

Mr. MOORE. For a year. We didn't even know we were breaking the law until the ruling came out last fall so we stopped immediately, of course.

Until the ruling came out, we had no way of guessing we had no authority. We have complied since it came out.

MEDIATION OF DISPUTES BETWEEN GOVERNMENT EMPLOYEE UNIONS AND GOVERNMENT

There is one other thing, Senator. This won't take but a moment, I assure you.

Senator HILL. All right.

Mr. MOORE. We are, with the knowledge of the Civil Service Commission and Bureau of the Budget, experimenting a little on the mediation of disputes between unions and the Government; the expanding unionization of Government employees. We may be called upon to do more of this. At the present time, it is not an important workload factor but with their concurrence we are finding that, contrary perhaps to their own opinion, mediation in these disputes is effective. Many people thought it would not be. I just thought you might like to know that. I mean on a very limited basis.

Senator HILL. Very limited basis.

CONTRACTUAL PROVISIONS FOR MEDIATION

Mr. MOORE. I think we have had less than a dozen in the last year. We have restricted it to joint requests in situations that appear to be appropriate.

Mr. ABNER. However, we have been written, Mr. Chairman, into a number of agreements that may mean this year there will be more.

For example, the seven unions in the Post Office Department, the seven national unions have written the service into their contracts in event of development of an impasse. The AFGE, American Federation of Government Employees, and the Labor Department have entered into an agreement which calls upon us to do certain services. This will be the first time this year that the opportunity might present itself.

Senator HILL. The first time.

Anything else you gentlemen would like to add?

Mr. MOORE. No, sir.

Senator HILL. We certainly want to thank you.

Mr. MOORE. Thank you for your courtesy.

Senator HILL. We appreciate what you are doing. Thank you very, very much.

Mr. MOORE. Thank you.

FEDERAL RADIATION COUNCIL

STATEMENT OF PAUL C. TOMPKINS, EXECUTIVE DIRECTOR; ACCOMPANIED BY A. J. CRATEN, BUDGET REPRESENTATIVE, GENERAL SERVICES ADMINISTRATION

APPROPRIATION ESTIMATE

TITLE IX—FEDERAL RADIATION COUNCIL

SALARIES AND EXPENSES

For expenses necessary for the Federal Radiation Council, \$131,000.

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
Executive direction and administrative cost (program costs funded).....	117	131	131
Change in selected resources.....	-26		
10 Total costs—obligations.....	91	131	131
Financing:			
25 Unobligated balance lapsing.....	75		
40 New obligational authority (appropriation).....	166	131	131
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures).....	91	131	131
72 Obligated balance, start of year.....	37	44	20
74 Obligated balance, end of year.....	-44	-20	-26
90 Expenditures.....	84	155	125

Object classification

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Personnel compensation:			
11.1 Permanent positions.....	58	60	61
11.3 Positions other than permanent.....	1	4	4
Total personnel compensation.....	59	64	65
12.0 Personnel benefits.....	4	5	5
21.0 Travel and transportation of persons.....	6	8	8
23.0 Rent, communications, and utilities.....	1	1	1
24.0 Printing and reproduction.....	1	5	5
25.1 Other services.....	6	35	35
25.2 Services of other agencies.....	13	11	11
26.0 Supplies and materials.....	1	1	1
31.0 Equipment.....		1	
99.0 Total obligations.....	91	131	131

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions.....	4	4	4
Average number of all employees.....	4	4	4
Average GS grade.....	11.0	11.3	11.3
Average GS salary.....	\$14,546	\$15,017	\$15,266

PREPARED STATEMENT

Senator HILL. Now the Federal Radiation Council, Dr. Paul Tompkins.

Come around, Doctor.

All right, Doctor, you may proceed as you see fit, sir.

Mr. TOMPKINS. Senator, I have submitted an opening statement which, as a result of several inquiries, I thought might be of some benefit to the committee, which includes the background on the Federal Radiation Council, what it is and what it does, plus a few comments on the basis of the requests we are making.

Senator HILL. All right, sir.

Mr. TOMPKINS. If you have questions about the background of the Council, I would be happy to read it; if you do not, I would appreciate it just being inserted in the record.

Senator HILL. We will have it put in the record in full and you make any statements you see fit, sir.

(The statement follows:)

Mr. Chairman: With your permission, my opening statement will consist of two parts. Part one of my statement deals with the background picture. Part two will amplify somewhat the information supplied with our request for appropriations.

The creation of the Federal Radiation Council resulted directly from a Government wide review of radiation hazards and radiation protection responsibilities conducted in 1959 by the Director of the Bureau of the Budget, the Chairman of the Atomic Energy Commission, and the Secretary of the Department of Health, Education, and Welfare. The desirability of such a review was stimulated by the public confusion and concern over fallout hazards associated with atmospheric testing of nuclear weapons, and the fact that there was no single agency within the executive branch responsible for the formulation of radiation protection guidance.

The study group concluded that, under the prevailing scientific assumption which states that any exposure to ionizing radiation is associated with some risk of causing harmful biological effects, the derivation of basic guidelines for

radiation protection involves health, economic, social, and ethical considerations of such a nature that the person or persons making the decisions represented by that guidance should be publicly accountable. Since no single agency could be found with the appropriate breadth of responsibility and jurisdiction, it was recommended that the President be advised by a Federal Radiation Council on radiation matters directly or indirectly affecting health, including guidance for Federal agencies in the promulgation of operating radiation protection standards, and in the establishment of programs of cooperation with the States.

President Eisenhower accepted this recommendation and created the Federal Radiation Council by Executive Order 10831, August 14, 1959. The Council was made statutory later that year by an amendment to the Atomic Energy Act of 1954—Public Law 86-373 (Section 274, h).

The Council consists of those Federal agencies having major responsibilities in atomic energy and radiological health activities. These are the Secretaries of Health, Education, and Welfare; Defense; Labor; Commerce; Agriculture; and the Chairman of the Atomic Energy Commission. The President's Science Adviser also advises the Federal Radiation Council and participates in Council deliberations.

Administratively, the Federal Radiation Council is considered to be an independent agency. It requests its own budget, and has its own staff.

As Executive Director of the FRC staff I am accountable directly to the Secretary of Health, Education, and Welfare designated by the President as Chairman of the FRC. The resources of the Federal agencies whose heads are members of the Council are applied to the work of the Council through a group known as the Working Group of the FRC. The Working Group is comprised of senior technical people appointed by each agency to make information available on the agencies' interests and viewpoints to the FRC staff. It is the work of this group that makes the Federal Radiation Council productive and responsive to new requirements.

The Federal Radiation Council is an advisory body and has no direct regulatory function. Its recommendations are necessarily broadly worded and require interpretation for application to specific cases. The Council is concerned primarily with the development of a general framework of national policy in those problems where in considerations of radiation protection impinge on other facets of national policy.

Since its formation late in 1959 the FRC has issued seven reports. Three of these reported on fallout levels occurring in the United States; predicted the future levels that were anticipated; gave estimates of the magnitude of the radiation risks that might be associated with those levels; and concluded that the risks would be too small to justify the introduction of measures to limit the intake of radionuclides in fallout by modification of the diet or altering the normal distribution and use of food.

The other four reports give general guidance for radiation protection activities under different conditions. Report No. 1 developed the general philosophy that derivation of basic radiation protection guidelines involves reaching a balance between the risk of radiation induced injury and the benefits derived from the activities causing the exposure. It introduced the term Radiation Protection Guide (RPG) which was defined as the radiation dose that should not be exceeded without careful consideration of the reasons for doing so, and noted that there could be different RPG's with different numerical values, depending on the circumstances. Report 1 gave numerical values for RPG's applicable to the control of occupational exposure of workers, and different numerical values applicable to the general public. These RPG's were considered to represent a reasonable balance between the benefits of normal peacetime operations in which possible exposure to radiation is necessarily a factor and radiation risks associated with those operations.

FCR Report No. 2 considered general guidance related to the planned release of certain radionuclides to the environment and the radiation exposure to the public that could result therefrom. The exposure conditions envisaged involved a continuous intake of radionuclides through the diet over a life time that would give a radiation dose from this source alone equal to the appropriate numerical value for the RPG's of the selected organs in which the radionuclides would concentrate. The general guidance was expressed in terms of the equivalent daily intake which, when averaged over a year, could be equated with estimates of the actual annual intake. Numerical values were given for iodine 131 which is selectively concentrated in the thyroid gland, and for strontium 90 and radium 226 which are selectively concentrated in mineral bone.

The programs of atmospheric testing of thermonuclear devices conducted in 1961 and 1962 resulted in the appearance of enough iodine 131 in the United

States so that possible annual population exposures in some sectors of the country were approaching the annual value shown in FRC Report No. 2. One interpretation placed on that report was that public health authorities should act to remove food from the market as necessary to prevent annual exposures from exceeding the quantities shown in FRC Report No. 2. The Council did not concur in the philosophy of that interpretation, and in 1963 committed itself to the Joint Committee on Atomic Energy to produce recommendations to deal with that area of public policy.

Recommendations applicable to the problem of initiating public health action after iodine 131 was already in the environment were proposed by the Council and approved by the President in 1964. Similar proposals to deal with the presence of the radionuclides strontium 89, strontium 90, and cesium 137 in foods were submitted by the Council and approved by the President in 1965.

For the past two years the FRC staff has been reviewing the health hazards associated with the mining of uranium ore, and within a few weeks recommendations related to the control of radiation hazards associated with the inhalation of the radioactive decay products of the naturally occurring radon 222 will be submitted to the Council. These recommendations, when approved, will provide the basis for the operating standards which the Secretary of the Interior must promulgate under the recently enacted Public Law 89-577, "Federal Metal and Nonmetallic Mine Safety Act." Bureau of Mines personnel have been participating with the FRC Working Group on this study and a representative of the Secretary of the Interior will participate in the Council's consideration of the staff proposals.

Mr. Chairman, this completes part one of my statement.

The funds requested are those required for the direct operation of the Council office. They provide for the salaries of the four personnel of the Council staff which consists of four people; two professional personnel and two secretarial. It also provides for the necessary personnel benefits; travel and per diem for the staff, consultants, and participants in FRC study groups; printing and reproduction; supplies and materials; and the services as shown in the object classification schedule. Public Law 86-373 requires the FRC to seek the advice of the National Academy of Sciences and the National Council on Radiation Protection and Measurements (NCRP) in formulating its basic guidance. Contractual arrangements have been made with these two organizations to provide such advisory services and the supporting funds are included in the appropriation request. In closing, I should mention that we made the necessary adjustments in our operations to be able to absorb any increases in costs that may accrue over this year's operation. The request before you now was approved without change by the Council and the Bureau of the Budget.

Mr. Chairman, if you have any questions about the Council or our request for funds I will do my best to answer them.

COUNCIL FORMATION AND MEMBERSHIP

Mr. TOMPKINS. Basically, the Federal Radiation Council was created in 1959 by the President, President Eisenhower, as a result of public concern over radioactive fallout. It was judged that under the current scientific assumption involving radiation which states that any exposure to radiation may be associated with some risk, that the people making the basic decisions should be publicly accountable.

Therefore, the Federal Radiation Council was created and it consists of the Secretaries of Health, Education, and Welfare; Defense, Commerce, Labor, Agriculture, and the Chairman of the Atomic Energy Commission, with the assigned responsibility of recommending appropriate national policy where radiation may be a factor.

COUNCIL STAFF AND AGENCY SUBSIDIARY GROUP

Administratively, it is considered an independent agency; it has its own staff. It consists of four people, two professional, myself and an associate and two secretaries.

Senator HILL. Only four?

Mr. TOMPKINS. Only four.

The resources of the Federal agencies are made available through a subsidiary group called the working group in which each agency appoints one of their senior technical staff to work with us, and this is the reason why the direct council staff is relatively small. The scope of the operations are larger than implied by the size of the staff.

OTHER AGENCY TOPICAL PARTICIPATION

Senator HILL. What other agencies do you call?

Mr. TOMPKINS. Any agency that has either information or an interest in whatever problem is being considered. At the present time, in addition to the six agencies involved in the Federal Radiation Council directly, we have just completed a background study of the potential hazards associated with uranium mining; there has been some recent publicity on this question.

Senator HILL. Yes; I have seen something in the press about that.

Mr. TOMPKINS. The Secretary of Interior was requested to participate with the Council on this particular study. We are now formulating what we hope will be accepted by the Council as an appropriate recommendation for submission to the President.

Senator HILL. As to how to meet this hazard?

Mr. TOMPKINS. Yes, sir.

SALARIES AND EXPENSES

As regards the request for appropriation, the funds requested are those provided for the direct operation of the Council office, the salaries of the four personnel. It also provides for the necessary personnel benefits, travel and per diem for the staff and consultants and other participants in FRC study groups; reproduction, supplies, and materials and services as shown in the classification schedule.

COUNCIL STATUTORY BASE AND COUNCIL SOURCE

Public Law 86-373 which gave the Federal Radiation Council a statutory base requires the FRC to seek advice from the National Academy of Sciences and National Council on Radiation Protection and measurements commonly known as the NCRP. At the present time, it is a Government-chartered corporation. It has no public responsibility.

Senator HILL. It is not a Government agency?

Mr. TOMPKINS. It is not a Government agency.

But it has a very widespread professional competence in radiation protection and the Council has been instructed to seek the advice of this organization in the process of formulating its own guidance.

SUPPORTING FUNDS FOR ADVICES

Contractural arrangements have, in fact, been made with both organizations to provide such advisory services and supporting funds are included in the appropriation request.

COST INCREASE ABSORPTION

In closing, I should mention that we have made the necessary adjustment in our operations to be able to absorb any increases in cost that may accrue in the future or next year over this year's operation. The request submitted was approved without change by the Council and the Bureau of the Budget and is the same as that of last year.

Senator HILL. And that amount is——

Mr. TOMPKINS. \$131,000.

Senator HILL. \$131,000?

Mr. TOMPKINS. Yes, sir.

MINING SAFETY STANDARDS

Senator HILL. Let me ask you this question. If you found the answer to the dangers to uranium miners in the West, what authority does the Federal Government have as of now to take steps to protect these mines?

Mr. TOMPKINS. Last year, I believe the Congress passed Public Law 89-577 entitled the Federal Metal and Nonmetallic Safety Act. Under the act, the Department of Interior, and this has been delegated technically to the Bureau of Mines, must promulgate safety standards that apply to all the mining industry.

Senator HILL. That act we passed last year, was it not?

Mr. TOMPKINS. Yes.

So the statutory authority and responsibility to implement the FRC recommendations does exist in the Federal Government and it is the intent that the Department of Interior standards will have the recommendations of the FRC as the basis for this specific phase of the mine hazards.

STANDARDS ENFORCEMENT

Senator HILL. So, you would be very much an adviser and a source of information to the Department of Interior with the responsibility for the enforcement of that law in the Department of Interior; is that right?

Mr. TOMPKINS. Yes, sir; that is exactly correct.

Senator HILL. Anything you would like to add, sir?

Mr. CRATEN. No, sir. I am just here to assist the doctor.

WITNESS PROFESSIONAL HISTORY

Senator HILL. Doctor, before you came into this position, where were you, sir?

Mr. TOMPKINS. Well, perhaps it might be easier or more informative if I just gave you my general history.

I first entered the atomic energy field in Manhattan District in 1943 at the University of Chicago. A couple of years later, I moved to what is now known as the Oak Ridge National Laboratory.

In 1950, I accepted a position with the Department of the Navy at the U.S. Naval Radiological Defense Laboratory in San Francisco. I was associated there for 10 years.

I left Naval Radiological Defense Laboratory to join what was then the Radiological Health Division in the Public Health Service and 2

years later I moved to the Radiation Safety Standard Division of the Atomic Energy Commission. When the Council decided to set up its own staff in 1963, I was asked to make the next change.

Senator HILL. I see. Well, you have had quite a bit of experience, then.

Mr. TOMPKINS. Yes, sir. I have the best of interest in radiation protection because I have been involved in it and I like to look after myself.

Senator HILL. You have been through it, have you not?

Mr. TOMPKINS. Yes, sir; very much so.

Senator HILL. You are a Ph. D., I take it?

Mr. TOMPKINS. I got my Ph. D. in analytical chemistry and biochemistry at the University of California.

Senator HILL. That is quite a school out there, isn't it?

Mr. TOMPKINS. Yes. As a graduate student, I might say I worked very closely with people who were using materials in cyclotron radioactivity. I have been associated in this field for 30 years now, almost.

Senator HILL. Doctor, thank you very, very much. Interesting testimony. We appreciate it very much.

Thank you.

Mr. TOMPKINS. Thank you.

UNITED STATES SOLDIERS' HOME

STATEMENTS OF LT. GEN. ALBERT WATSON II, GOVERNOR, U.S. SOLDIERS' HOME; BRIG. GEN. JOHN F. CASSIDY, DEPUTY GOVERNOR; COL. IVAN W. ELLIOTT, QUARTERMASTER, U.S. SOLDIERS' HOME; COL. MELVIN E. RICHMOND, CHIEF, M.P. & S.F. DIVISION, OFFICE, DIRECTOR OF ARMY BUDGET, OFFICE COMPTROLLER OF THE ARMY; RAMOND A. GRITTON, CHIEF, BUDGET DIVISION, U.S. SOLDIERS' HOME; AND JAMES C. CAMP, BUDGET ANALYST, OFFICE, DIRECTOR OF ARMY BUDGET, OFFICE, COMPTROLLER OF THE ARMY

APPROPRIATION ESTIMATE

UNITED STATES SOLDIERS' HOME

OPERATION AND MAINTENANCE

For maintenance and operation of the United States Soldiers' Home, to be paid from the Soldiers' Home permanent fund, [\$7,433,000] \$8,024,000: *Provided*, That this appropriation shall not be available for the payment of hospitalization of members of the Home in United States Army hospitals at rates in excess of those prescribed by the Secretary of the Army, upon the recommendation of the Board of Commissioners of the Home and the Surgeon General of the Army.

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Medical care.....	3,286	3,531	3,722
2. Domiciliary care.....	1,584	1,664	1,709
3. Administration and central services.....	2,279	2,465	2,593
10 Total program costs, funded—obligations.....	7,149	7,660	8,024
Financing:			
25 Unobligated balance lapsing.....	73		
New obligational authority.....	7,222	7,660	8,024
New obligational authority:			
40 Appropriation.....	7,222	7,433	8,024
44 Proposed supplemental for wage-board increases.....		93	
Proposed supplemental for civilian Pay Act increases.....		134	
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures).....	7,149	7,660	8,024
72 Obligated balance, start of year.....	398	394	407
74 Obligated balance, end of year.....	—394	—407	—420
77 Adjustments in expired accounts.....	—3		
90 Expenditures excluding pay increase supplemental.....	7,150	7,427	8,004
91 Expenditures from wage-board supplemental.....		90	3
Expenditures from civilian Pay Act supplemental.....		130	4

Object classification

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Personnel compensation:			
11.1 Permanent positions.....	4,765	5,023	5,119
11.3 Positions other than permanent.....	127	132	119
11.4 Special personal service payments.....	65	55	55
11.5 Other personnel compensation.....	168	224	241
Total personnel compensation.....	5,125	5,434	5,534
12.0 Personnel benefits.....	361	390	398
21.0 Travel and transportation of persons.....	1	1	1
22.0 Transportation of things.....	2	3	3
23.0 Rent, communications, and utilities.....	131	132	132
24.0 Printing and reproduction.....	5	5	5
25.1 Other services.....	340	346	395
26.0 Supplies and materials.....	1,153	1,221	1,294
31.0 Equipment.....	138	148	243
32.0 Lands and structures.....	19	56	83
41.0 Grants, subsidies, and contributions.....	1	1	1
Subtotal.....	7,276	7,737	8,089
95.0 Quarters, subsistence, and laundry.....	-127	-77	-65
99.0 Total obligations.....	7,149	7,660	8,024

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions.....	1,079	1,097	1,097
Full-time equivalent of other positions.....	22	22	20
Average number of all employees.....	1,082	1,084	1,088
Average GS grade.....	4.3	4.5	4.5
Average GS salary.....	\$5,477	\$5,828	\$5,828
Average salary of ungraded positions.....	\$4,003	\$4,109	\$4,109

SOLDIER'S HOME PERMANENT FUND

Amounts available for appropriation

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Unappropriated balance, start of year.....	106,827	108,401	106,030
Receipts:			
Stoppages, fines and forfeitures.....	3,638	3,620	4,155
Withheld pay.....	1,659	1,840	1,920
Interest credited.....	3,195	3,200	3,200
Estates of deceased soldiers and airmen.....	20		
All other.....	208	205	205
Unobligated balance returned to unappropriated receipts.....	76		
Total available for appropriation.....	115,623	117,266	115,510
Appropriation:			
“Operation and maintenance”:			
Authorize.....	-7,222	-7,433	-8,024
Proposed supplementals for pay increases:			
Classified pay increase.....		-134	
Wage board.....		-93	
“Capital outlay” authorized.....		-3,575	-305
“Payment of certified claims”.....		-1	-1
Unappropriated balance, end of year.....	108,401	106,030	107,180

This fund consists of receipts from fines, forfeitures, and stoppages of pay of regular enlisted personnel of the Army and Air Force, withholding of 10 cents

per month from the pay of such personnel, estates of deceased soldiers and airmen, other receipts consisting largely of sales and interest of 3% on fund balance. The receipts and the balance are available for obligation and expenditure for Operation and maintenance and capital outlay only as enacted annually by Congress (24 U.S.C. 44, 45; 31 U.S.C. 725s)

APPROPRIATION ESTIMATE

CAPITAL OUTLAY

For construction of buildings and facilities, including plans and specifications, and furnishings, to be paid from the Soldiers' Home permanent fund, [\$3,575,000] \$305,000, to remain available until expended.

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
10 Permanent improvements (costs—obligations)	36	3,721	305
Financing:			
21 Unobligated balance available, start of year	-197	-161	-15
24 Unobligated balance available, end of year	161	15	15
40 New obligational authority (appropriation)		3,575	305
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)	36	3,721	305
72 Obligated balance, start of year	24	13	2,934
74 Obligated balance, end of year	-13	-2,934	-1,134
90 Expenditures	48	800	2,105

An orderly plan for expansion provides that when the domiciliary or hospital areas of the Home are filled to capacity, new construction will be provided.

Permanent improvements.—The 1968 program provides for the continuation of the orderly expansion of the Home by including funds for furniture for the new wings on a domiciliary building, for plans and specifications to expand the hospital ward wing, and for a review and updating of the Home's master plan.

Object classification

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
U.S. SOLDIERS' HOME			
31.0 Equipment			195
ALLOCATION TO DEFENSE—CIVIL, ARMY			
Personnel compensation:			
11.1 Permanent positions	30	32	32
11.3 Positions other than permanent		17	
11.5 Other personnel compensation	1	1	1
Total personnel compensation	31	50	33
12.0 Personnel benefits	2	4	2
25.1 Other services	3	146	36
32.0 Lands and structures		3,521	39
Total obligations, Defense—Civil, Army	36	3,721	110
99.0 Total obligations	36	3,721	305

Personnel summary

	1966 actual	1967 estimate	1968 estimate
ALLOCATION TO DEFENSE—CIVIL, ARMY			
Total number of permanent positions.....	3	3	3
Full-time equivalent of other positions.....	0	2	0
Average number of all employees.....	3	5	3
Average GS grade.....	9.7	9.0	9.7
Average GS salary.....	\$10,929	\$10,937	\$11,087

TRUST FUND EXPENDITURES

Senator HILL. General Watson. We are happy to have you with us. You may proceed now as you see fit.

General WATSON. Mr. Chairman and gentlemen, I am pleased to appear before the committee to justify the home's budget requirements for fiscal 1968.

The appropriation request is forwarded to Congress with the President's budget, but the amount is not charged to the taxpayers as expenditures are from a trust fund, not from the general revenues of the Treasury.

SOURCES OF FUNDS

Senator HILL. Most of your funds come from fines?

General WATSON. Fines, forfeitures; yes, sir. Also, an additional source is estates of men who have left no heir. Of course, there is the regular contribution with held from the pay of Regular Army and now Regular Air Force men.

Senator HILL. But you get none out of the Treasury?

General WATSON. That is correct, sir.

Senator HILL. Very exceptional.

I think this is the only witness who comes before this committee, Senator Javits, that gets no funds out of the Treasury.

General WATSON. We come to ask for permission to spend our money.

Senator HILL. All right.

General WATSON. The Soldiers' Home was established by Congress in 1851 for the relief and support of old, invalid, or disabled soldiers of the Regular Army.

NUMBER ELIGIBLE FOR MEMBERSHIP

While fundamental eligibility requirements for admission have remained unchanged, they have been extended to include airmen and enlisted women of both services. There are now approximately 229,000 former Army and Air Force personnel eligible for membership in the home. This large pool is due primarily to the mass of enlistments in the early 1940's and the large number of volunteers since that time. Only a small percentage apply for admittance, but the demand for membership will continue to increase.

The home is a place for members to spend their remaining days independent of public assistance, their self-respect served by the knowledge that their personal contributions have helped make the home possible. This permanent residence has been provided for over a century without cost to the taxpayer.

MEMBERSHIP CRITERIA

Membership is a terminal benefit for former warrant officers and enlisted personnel of the Regular Army and Regular Air Force, with the following qualifications:

1. Honest and faithful service for 20 years or more as warrant officers or enlisted personnel;
2. Service-connected disabilities rendering them unable to earn a livelihood; or
3. Non-service-connected disabilities rendering them unable to earn a livelihood, provided they have service during a war.

These criteria emphasize the home's fundamental mission of caring for the professional or career soldier and airman, and to recognize and reward service to country.

SUPERVISION OF HOME

General supervision of the home was placed by Congress in a board of commissioners, now consisting of the governor of the home, six Army officers and three Air Force officers, ex officio. Subject to approval by the Secretary of the Army, this board has the authority to establish regulations for the general and internal direction of the home. I am responsible to this board for the administration of the home.

Senator HILL. You are not at the moment.

General WATSON. I am junior to the Surgeon General of the U.S. Army, General Heaton, and he is the head of this board.

ANNUAL REPORT TO CONGRESS

The law provides for a comprehensive annual report on the home to be submitted to Congress, including a report on his inspection of the home by the Inspector General of the Army. It is gratifying to state that for many years, no significant changes have been suggested and no serious deficiencies have been found in either the management or the operation of the home.

The act of 1851 provided for the home to be financed from a trust fund rather than from the general revenues of the Treasury. As we have pointed out twice already this morning, we are not a burden on the taxpayer. The balance in this fund at the end of October 1966 was \$108.6 million.

Senator HILL. In that connection, what would be your average annual expenditures?

NEW CONSTRUCTION

General WATSON. Mr. Chairman, that fluctuates because of the great surge of expenditures when we have a capital expansion which, as a matter of fact, we have in this current fiscal year. We are building two new wings on the Sheridan Building.

Senator HILL. You are putting two new wings on?

General WATSON. Yes.

Senator HILL. How much are those two new wings going to cost you?

General WATSON. As I remember, \$3½ million.

Senator HILL. \$3½ million?

General WATSON. Yes.

SOURCES OF INCOME

Income to this fund as prescribed by law is from the following principal sources; we mentioned them earlier:

1. A contribution at the rate of 10 cents per month from each enlisted member and warrant officer of the Regular Army and Regular Air Force;

2. Fines and forfeitures imposed upon these personnel by sentence of courts-martial; and

3. Interest of 3 percent per annum on the fund balance in the U.S. Treasury.

Senator JAVITS. May I ask you a question about the fines and forfeitures?

I have been reading your statement. Don't you think Senator Hill and I should consider legislation which would get you a little money to which you are entitled by providing that the forfeitures of pay assessed by nonjudicial punishment should also come to the home?

STUDY OF FINANCIAL PROBLEM

General WATSON. Senator Javits, I am not ready to ask for legislation at this time. We are making a study of our financial situation and by forecasting, we already know we are going to have a problem.

Whether the Air Force stays in our home or builds one of their own, we can foresee the time when we will actually need some additional assistance. We have within our own power some means available; in other words, the increase of the withholding amount. For example, at one time it was 25 cents per month; at one time it was zero; it dropped entirely. Now it is 10 cents a month.

Senator HILL. You are considering this whole matter now?

General WATSON. We are studying it; yes.

Senator HILL. You are not thinking about sending the Air Force back to the Signal Corps, are you?

General WATSON. No; we are not. That is where they came from, but we are not going to send them back.

Senator HILL. Yes.

General WATSON. I thank Senator Javits for this question because there may come a time that we will have to ask for some such assistance. You know, the ruling by the Comptroller General of the United States on nonjudicial punishment was not covered by the Congress back in the last century and that is really the crux of the point.

If we need money that we cannot provide by helping ourselves, we will have to ask for help of that sort at some time, perhaps, in the future. I say that "if" because it is still conditional. I am not sure we will need it.

Senator HILL. Thank you.

DECLINE IN RECEIPTS

General WATSON. As I pointed out, we have a decline.

For the last 8 years, there has been a persistent decline in receipts. Two principal causes have been identified. First, both services have

increased standards of enlistment and have reduced the number of undesirables and misfits. Second, the uniform code of military justice was amended in 1963 to authorize commanding officers to impose forfeitures of pay as nonjudicial punishment which the Comptroller General has ruled will not accrue to the home's fund. The loss to the home's capital and income has been considerable, though gradual.

Increasing membership, rising prices, and higher salaries will eventually force expenses to exceed income. Studies are being conducted to determine the appropriate measures required to solve this potential problem.

Senator HILL. When do you think you will have these studies completed, General?

General WATSON. I would rather not predict this, Mr. Chairman. Such a prediction is beyond my ability at this time. I would hope that by the time we come here next year we will be able to report some progress to the committee on this matter.

Senator HILL. And you are studying it now?

General WATSON. Yes, sir; we are.

DOMICILIARY AREA AND HOSPITAL CAPACITY

The capacity of the domiciliary area is 2,015 beds, and at the end of January 1967, 1,902 were assigned. Additional spaces have been needed for some time, and the 1967 budget was increased by \$3,575,000 for the expansion of the Sheridan Building, increasing domiciliary capacity by 387 beds. This construction is scheduled for completion in December 1968.

The 1968 budget includes \$195,000 for furniture and equipment for this additional space. Hospital capacity is 492 beds and on January 31, 1967, there were 411 patients. Additional hospital space will be necessary soon after completion of the domiciliary construction, anticipated by the end of calendar year 1968.

Therefore, the 1968 budget also provides \$20,000 for updating and reviewing plans formerly drawn for a 60-bed expansion of the Pipes Building, which is part of our hospital.

Finally, based on a statement by the National Capital Planning Commission that they would defer consideration of future building plans until the home's master plan has been revised, the 1968 budget includes \$90,000 for a comprehensive review and updating of the 1953 master plan.

Membership. There were 2,575 members at the Home on January 31, 1967, not all of whom required bed space. Some were away on leave and others were in special hospitals serving the Home on a reimbursable basis.

AVERAGE MEMBERSHIP

The average membership during the past year was 2,599; this year, membership is expected to average 2,677. Based on past growth factors, the fiscal year 1968 budget is based on an estimated average of 2,730. The average increase in the past has been about 80 a year, but a diminishing increase is forecast for 1968 based on the limitation of space now available.

INCREASE IN OPERATION AND MAINTENANCE REQUEST

Our operation and maintenance appropriation request is based on stable, recurring programs geared to anticipated changes in membership and costs. In addition to the \$305,000 mentioned earlier in the capital outlay expansion program, \$8,024,000 is requested for normal day-to-day operation. This is \$364,000 greater than the current adjusted appropriation due to the following additions, which I would like to mention in a moment.

I would like to interpolate that this \$8 million is not a sudden jump. Seven and a half million dollars to eight and a half million dollars is a pretty good estimate for our expenditures, excluding those for capital outlays.

Senator HILL. For your normal day-to-day operations?

General WATSON. Yes, sir.

ENUMERATION OF ADDITIONS

These additions, if I may enumerate them, are as follows:

\$108,000 to pay for the full fiscal year 1968, the following salary changes granted during 1967: (a) reclassification of nursing assistant positions to clinical nurse positions, (b) wage board and classified pay increases, including Sunday pay differential, and (c) promotions and within-grade increases.

Senator HILL. Do you have any trouble getting nurses these days?

General WATSON. Yes, sir; we do.

Senator HILL. I bet you do.

General WATSON. I am apprehensive about an increase that has been requested, I understand, by one of our near neighbors in the pay of nurses. If that happens, our job is going to be all the more difficult unless we get a comparable pay adjustment, but I don't ask for help on that at the moment.

\$95,000 to purchase a replacement X-ray unit, a bookkeeping machine to convert from manual accounting, and for replacement of other equipment slightly in excess of that scheduled in the current year.

\$67,000 to increase the repair and maintenance program to include additional painting and caulking, and for certain one-time jobs in excess of those scheduled for 1967.

\$42,000 to provide 2 cents more per gallon for fuel oil with a lower sulphur content in furtherance of the President's air pollution program, and for additional fuel oil required to furnish heat during construction of the additional wings on the Sheridan Building. Those are the two wings I referred to at the beginning of our testimony this morning.

\$31,000 for additional supplies and rations required for the predicted increase in members and patients.

\$12,000 for additional salary money required to offset a reduction in overhead charges to employees for meals furnished.

\$9,000 to provide for an increase in the daily rate for Home members being treated at St. Elizabeths Hospital. This increased rate is established by the Bureau of the Budget.

\$8,000 to pay for the full fiscal 1968, increased agency contributions to health benefit and social security funds which were granted during

fiscal 1967; and to retirement, insurance, and social security funds based on the higher wages granted in 1967.

\$1,000 for reduced lapses on positions, somewhat offset by a reduction in terminal leave and part-time and temporary employment.

OFFSETTING REDUCTION

These additions are somewhat offset by a reduction of \$9,000 to pay 1 less day in 1968. This is a rather curious thing. Nineteen hundred and sixty-eight is a leap year, but although salaries are based on 1 extra day, it begins on Saturday and ends on Sunday so salaries are reduced 2 days. We have one less weekend and we have 1 more day in the year so the net is 1 day less pay for our employees.

Senator HILL. It is that weekend that makes the difference.

General WATSON. That is the difference. I argued with my budget officer here before I could agree with him but that is the way the calendar works.

In conclusion, I would like to say I appreciate having the opportunity of appearing here to represent the members of the Home. They gratefully acknowledge the interest taken by this committee in their welfare and future.

I have here with me at the table the Deputy Governor of the Home, General Cassidy, and I have the budget officer, Mr. Gritton. The Quartermaster, Colonel Elliott, has accompanied me also.

PIPES BUILDING

Senator HILL. Of course, coming from Alabama, I well appreciate the name of "Sheridan Building," but "Pipes Building," how does that get its name "Pipes"?

General WATSON. He was one of our chief surgeons at the hospital.

Senator HILL. Pipes was one of your chief surgeons?

General WATSON. Yes.

Senator HILL. Must have been some time ago.

RETIREMENT OF CHIEF SURGEON

General WATSON. Quite some time ago; yes. In fact, our present chief surgeon has been with us 15 years and retires the end of this month.

Senator HILL. Is that so?

How long was General Haislip out there?

General WATSON. Fifteen years. The members there certainly think a lot of him.

Senator HILL. He was a very, very fine person. I knew him well personally and he and Mrs. Haislip were very fine people.

Who was his predecessor?

General WATSON. General Loughry who was Chief of Finance, and then before him was Gen. Frederick Coleman.

Senator HILL. Was not Coleman Chief of Finance, too?

General WATSON. Yes, sir.

Senator HILL. I think the first time I was ever in the Home was when Governor Coleman was the Governor there.

General WATSON. May I digress for a moment off the record?

(Discussion off the record.)

Senator HILL. Senator Javits, any questions you would like to ask?
Senator JAVITS. No, sir.

PROGRESS REPORT ON STUDY

Senator HILL. Anything you gentlemen would like to add?
We certainly appreciate your testimony.

You think when you come next year you will be able to give us the results of this study?

General WATSON. I certainly will be able to give you a progress report. We hope it will be finalized then.

Senator HILL. We certainly appreciated all of you gentlemen.

General WATSON. Thank you.

SUBCOMMITTEE RECESS

Senator HILL. The subcommittee will stand in recess.

(Whereupon, at 11:35 a.m., Wednesday, March 15, 1967, the subcommittee was recessed, to reconvene subject to the call of the Chair.)

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION,
AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1968

FRIDAY, MARCH 17, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:30 a.m., in room 1224, New Senate Office Building, Hon. Lister Hill (chairman) presiding.

Present: Senator Hill.

DEPARTMENT OF HEALTH, EDUCATION, AND
WELFARE

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

STATEMENT OF JAMES L. GODDARD, M.D., COMMISSIONER; E. RAYMOND LANNON, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOHN C. DROKE, DEPUTY DIRECTOR, DIVISION OF FINANCIAL MANAGEMENT; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

"FOOD AND DRUG ADMINISTRATION

"SALARIES AND EXPENSES

"For necessary expenses not otherwise provided for, of the Food and Drug Administration, including reporting and illustrating the results of investigations; purchase of chemicals, apparatus, and scientific equipment; payment in advance for special tests and analyses and adverse reaction reporting by contract; payment of fees, travel, and per diem in connection with studies of new developments pertinent to food and drug enforcement operations; compensation of informers; not to exceed ~~[\$20,000]~~ \$45,000 for miscellaneous and emergency expenses of enforcement activities, to be authorized or approved by the Secretary and to be accounted for solely on his certificate; purchase of not to exceed ~~[nine]~~ seventeen passenger motor vehicles for police-type use which may exceed by \$300 each the general purchase price limitation for the current fiscal year; payment for publication of technical and informational materials in professional and trade journals; and rental of special purpose space in the District of Columbia or elsewhere; ~~[\$60,000,000]~~ \$66,749,000."

EXPLANATION OF LANGUAGE

The language proviso relating to the \$45,000 to meet emergency expenses is necessary to protect FDA investigators from monetary loss and provide the necessary authority to conduct undercover investigation without fear of violating procurement and fiscal rules. This language is similar to authority granted other Federal law enforcement agencies, either in their basic legislation or in the appropriation language. At present the Federal Food, Drug, and Cosmetic Act does not contain authority to protect the investigator from liability for the loss of Government funds suffered during an investigation or from challenge of legality for certain expenditures incurred in the conduct of undercover investigations. The proposed language would extend this necessary authority for FDA.

The proviso relating to the purchase of vehicles is necessary in order to permit FDA to exceed the statutory (5 U.S.C.A. 78a) cost limitations on seventeen special-type pursuit vehicles which are essential to FDA undercover work. This language is similar to authority granted the U.S. Park Service for similar type pursuit vehicles.

Amounts available for obligation

	1967	1968
Appropriation.....	\$60,000,000	\$66,749,000
Transfer to "Operating Expenses, Public Buildings Service," General Services Administration (space rental).....	-449,000	-----
Proposed for separate transmittal:		
Administrative expense act (Public Law 89-516).....	194,000	-----
Pay supplemental (Public Law 89-504).....	1,306,000	-----
Executive Order 11073.....	185,000	-----
Total.....	61,236,000	66,749,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Medical evaluation.....	758	\$10,571,800	819	\$13,289,000	+61	\$2,717,200
Scientific research and evaluation.....	872	11,719,900	888	11,940,000	+16	+220,100
Education and voluntary compliance.....	108	1,465,800	109	1,506,900	+1	+41,100
Regulatory compliance.....	2,496	26,472,800	2,524	26,678,100	+28	+205,300
Drug abuse control.....	397	5,107,300	466	7,214,700	+69	+2,107,400
Executive direction and administrative support.....	449	5,898,400	462	6,120,300	+13	+221,900
Total obligations.....	5,080	61,236,000	5,288	66,749,000	+188	+5,513,000

Obligations by objects

	1967 estimate	1968 estimate	Increase (+) or decrease (—)
Total number of permanent positions.....	5,080	5,268	+188
Full-time equivalent of all other positions.....	64	64	-----
Average number of all employees.....	4,606	4,884	+278
11 Personnel compensation:			
Permanent positions.....	\$40,143,300	\$42,621,100	+\$2,477,800
Positions other than permanent.....	269,000	269,000	-----
Other personnel compensation.....	483,000	598,000	+115,000
Total personnel compensation.....	40,895,300	43,488,100	+2,592,800
12 Personnel benefits.....	3,163,600	3,351,200	+182,600
21 Travel and transportation of persons.....	2,311,700	2,465,300	+153,600
Payment to interagency motor pools.....	700,900	759,100	+58,200
22 Transportation of things.....	310,400	334,700	+24,300
23 Rent, communication, and utilities.....	1,929,300	2,140,400	+211,100
24 Printing and reproduction.....	605,700	618,200	+12,500
25 Other services.....	4,547,700	6,360,600	+1,812,900
Services of other agencies.....	1,000,000	1,500,000	+500,000
26 Supplies and materials.....	2,303,000	2,341,800	+38,800
Samples.....	868,800	977,100	+108,300
31 Equipment.....	2,382,600	2,360,500	-22,100
32 Lands and structures.....	2,000	2,000	-----
42 Insurance claims and indemnities.....	5,000	5,000	-----
91 Unvouchered.....	20,000	45,000	+25,000
Total obligations by object.....	61,051,000	66,749,000	+5,698,000

Summary of changes

1967 enacted appropriation.....	\$60,000,000
Proposed supplementals:	
Increased payroll costs (Public Law 89-504).....	1,306,000
Administrative Expense Act (Public Law 89-516).....	194,000
Transferred to "Operating expenses, Public Buildings Service,"	
General Services Administration (space rental).....	-449,000
1967 total estimated obligations.....	61,051,000
1968 estimated obligations.....	66,749,000
Total change.....	+5,698,000

	Base		Changes from base	
	Posi- tions	Amount	Posi- tions	Amount
Increases:				
A. Built-in:				
1. Annualization of 372 new positions author- ized in 1967.....				\$2,005,300
2. Payment to Civil Service Commission for Interagency Board of Examiners.....				24,000
B. Program:				
1. Medical evaluation.....	758	\$10,569,100	61	2,141,000
2. Scientific research and evaluation.....	872	11,682,500	16	241,300
3. Education and voluntary compliance.....	108	1,465,800	1	7,500
4. Regulatory compliance.....	2,496	26,328,800	28	234,300
5. Drug abuse control.....	397	5,107,300	69	1,666,200
6. Executive direction and administrative sup- port.....	449	5,897,500	13	85,700
Total program increases.....			188	4,376,000
Gross increase.....			188	6,405,300
Decreases: Built-in.....				-707,300
Total net changes requested.....			+188	+5,698,000

EXPLANATION OF CHANGES

INCREASES

Mandatory:

1. Annualization of staff positions, \$2,005,300. The increase of 152 man years and \$2,005,300 is the additional cost in 1968 to support 372 positions authorized in 1967. This increase provides \$1,467,800 for personnel compensation and benefits and \$537,500 for other expenses.

2. Payment to Civil Service Commission, \$24,000. The requested increase will provide for additional reimbursement to the Civil Service Commission for Interagency Board of Examiners.

Medical evaluation

A program increase of 61 positions and \$2,141,000 is requested for this activity. These positions and related costs in the amount of \$639,000 are required to expedite and improve the review of new drugs. Contractual funds in the amount of \$1,502,000 are requested to: (1) continue the evaluation of efficacy of human and veterinary drugs marketed prior to 1962; (2) continue the collection of drug experience data; (3) increase extramural research into the side effects of oral contraceptive drugs.

Scientific Research and Evaluation

A program increase of 16 positions and related costs in the amount of \$241,300 is requested to strengthen the food standards program including food technology research.

Education and Voluntary Compliance

A program increase of one position and related costs in the amount of \$7,500 is required to coordinate an information program on drug abuse control.

Regulatory Compliance

A program increase of 28 positions and related costs in the amount of \$234,300 is requested to strengthen the domestic drug program in the areas of new drug applications, investigational new drug and analysis of samples to support the drug abuse program. This activity also includes seventeen new positions for the Districts' implementation of the Fair Packaging and Labeling Act of 1966.

Drug Abuse Control

A program increase of 69 positions and related costs in the amount of \$966,200 is requested to expand the field investigation and records accountability programs. An amount of \$700,000 is requested for research studies in the field of those drugs subject to abuse.

Executive Direction and Administrative Support

A program increase of 13 positions and related costs in the amount of \$85,700 is requested to strengthen management and supporting staff services.

DECREASES

Non-recurring Expenses Relating to 1967 Program

An amount of \$533,500 for non-recurring expenses represents one time equipment, supplies and transportation costs included in the 1967 program.

One Less Day of Pay in 1968

An amount of \$173,800 represents the cost of one day's pay less in 1968 than in 1967.

Detail of major items of program change by activity

	Positions	Amount
1967 total estimated obligations.....	5,080	\$61,051,000
1968 estimated obligations.....	5,268	66,749,000
Total change.....	+188	+5,698,000
Increases:		
A. Built-in.....		2,029,300
B. Program:		
1. Implementation of Drug Abuse Control Amendments of 1965:		
Education and voluntary compliance.....	+1	+7,500
Regulatory compliance.....	+9	+24,000
Drug abuse control.....	+69	+1,666,200
Executive direction and administrative support.....	+6	+39,600
Subtotal.....	+85	+1,737,300
2. Evaluate efficacy of human and veterinary drugs marketed prior to 1962: Medical evaluation.....		+635,000
3. IND-NDA evaluation:		
Medical evaluation.....	+48	+506,300
Regulatory compliance.....	+2	+22,300
Executive direction and administrative support.....	+4	+26,400
Subtotal.....	+54	+555,000
4. Augment extramural research program for oral contraceptive drugs: Medical evaluation.....		+502,000
5. Augment extramural program for collection of drug experience data: Medical evaluation.....		+365,000
6. Food standards research:		
Scientific research and evaluation.....	+9	+157,600
Executive direction and administrative support.....	+1	+6,500
Subtotal.....	+10	+164,100
7. Medical review:		
Medical evaluation.....	+13	+132,700
Executive direction and administrative support.....	+2	+13,200
Subtotal.....	+15	+145,900
8. Establish additional food standards: Scientific research and evaluation.....	+7	+83,700
9. Implementation of Fair Packaging and Labeling Act: Regulatory compliance.....	+17	+188,000
Total program increase.....	+188	+4,376,000
Gross increase.....	+188	+6,405,300
Decreases: Built-in.....		-707,300
Total net change requested.....	+188	+5,698,000

430 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

New positions requested, fiscal year 1968

	Grade	Annual salary
Medical evaluation:		
Medical officer (5).....	GS-15	\$90,785
Medical officer (10).....	GS-14	171,980
Pharmacologist (10).....	GS-14	151,060
Food and drug officer (7).....	GS-13	90,111
Chemist (4).....	GS-13	51,492
Food and drug officer (6).....	GS-12	65,562
Chemist (8).....	GS-12	87,416
Clerk-typist (3).....	GS-4	14,328
Clerk-stenographer (2).....	GS-4	9,552
Clerk-typist (6).....	GS-3	25,614
Total (61).....		757,900
Scientific research and evaluation:		
Chemist.....	GS-14	15,106
Chemist (4).....	GS-13	51,492
Do.....	GS-12	43,708
Chemist (2).....	GS-11	19,072
Chemist.....	GS-7	7,729
Do.....	GS-5	6,387
Clerk (2).....	GS-4	9,552
Clerk.....	GS-3	4,269
Total (16).....		157,315
Education and voluntary compliance: Public information officer (1).....	GS-11	9,221
Regulatory compliance:		
Inspector (3).....	GS-13	38,619
Inspector (4).....	GS-12	43,708
Inspector.....	GS-11	9,221
Inspector (2).....	GS-9	15,392
Inspector (5).....	GS-7	32,255
Inspector (4).....	GS-5	21,324
Laboratory technician (6).....	GS-4	28,656
Laboratory technician (3).....	GS-3	12,807
Total (28).....		201,982
Drug abuse control:		
Deputy director.....	GS-14	15,106
Psychologist.....	GS-14	15,106
Agent (2).....	GS-13	25,746
Agent inspection officer.....	GS-13	12,873
Program management assistant.....	GS-13	12,873
Agent—Group supervisor (9).....	GS-13	115,857
Agent—Case officer (7).....	GS-13	90,111
Agent—Training and security officer.....	GS-12	10,927
Agent—Administrative (9).....	GS-12	98,343
Agent—Operative (3).....	GS-12	32,781
Agent—Operating.....	GS-11	9,221
Agent—Operative (2).....	GS-9	15,392
Office manager (9).....	GS-8	63,612
Agent trainee (21).....	GS-7	135,471
Clerk-stenographer.....	GS-5	5,331
Total (69).....		658,750
Executive direction and administrative support:		
Food and drug officer.....	GS-15	17,550
Placement specialist.....	GS-12	10,927
Computer systems analyst.....	GS-12	10,927
Accountant.....	GS-11	9,221
Computer programmer.....	GS-11	9,221
Employee relations specialist.....	GS-9	7,696
Purchasing agent.....	GS-9	7,696
Budget clerk.....	GS-7	6,451
Purchasing assistant.....	GS-5	5,331
Personnel clerk.....	GS-4	4,776
Clerk-typist (2).....	GS-4	9,552
Chief operating engineer.....	WB-15	8,008
Total (13).....		107,356
Total new positions, all activities (188).....		1,892,524

REORGANIZATION AND PERSONNEL ACQUISITIONS

Senator HILL. The subcommittee will kindly come to order.

Doctor, we are very happy to have you here. We will be happy to have you proceed in your own way.

Dr. GODDARD. Thank you, Mr. Chairman.

I am pleased to appear before this subcommittee today to present the Food and Drug Administration 1968 budget request.

Last year, I appeared before this subcommittee for the first time as Commissioner of the Food and Drug Administration. The agency was then in a period of transition, but today I believe that this period is over.

In order to carry out our responsibility more effectively it was necessary to reorganize most of the agency and to acquire highly qualified personnel to fill several top positions. Briefly, this has been our accomplishment during 1966.

NEW DIRECTORS

We have four new Bureau Directors: Dr. Herbert Ley, Jr., of the Bureau of Medicine; Dr. C. D. Van Houweling, Bureau of Veterinary Medicine; Mr. John Finlator, Bureau of Drug Abuse Control; and Mr. Alfred Barnard, Bureau of Regulatory Compliance.

CREATED OFFICES

Several new offices have been created. We now have an Associate Commissioner for Compliance; an Assistant Commissioner for Education and Information; an Office of International Affairs; and an Office of Policy Management. All these posts are filled. I am actively engaged in recruiting a new Associate Commissioner for Science.

The scientific staffs of the agency have been brought together into one Bureau from the two that previously existed, thus eliminating the potential for overlap in our scientific research and evaluation activities.

OFFICE OF NEW DRUGS

Instead of the previous functional approach, we have established, in the Bureau of Medicine, an Office of New Drugs which is constituted of six divisions. These divisions are organized along lines of pharmacologic and physiologic classification. Each "review team" now consists of at least one physician, one chemist, and one pharmacologist.

Investigational drugs and new drugs proposed for marketing will be processed within the same medical unit. This means that one team will follow the progress of a drug from its initial clinical tests until a new drug is approved for marketing.

Postmarketing surveillance is similarly organized to give us a better idea of actual medical experience with the new drug.

DISTRICT OFFICES

The district offices, formerly part of the Bureau of Regulatory Compliance, now report directly to the Office of the Commissioner. Each district director has greater responsibility for the development and execution of programs most needed in his particular geographic area.

I think that this move will make our field force more flexible and more responsive to individual problems that arise in different parts of the country. I believe that this organizational arrangement will result in a better use of resources, particularly with respect to manpower.

Now I should like to provide you with a few of the more significant recent accomplishments of FDA.

PERSONNEL RECRUITMENT

Senator HILL. Doctor, may I ask you a question about your manpower?

Dr. GODDARD. Certainly.

Senator HILL. Did you have any trouble getting your additional manpower?

Dr. GODDARD. Beginning last fall, sir, we were very successful in recruiting additional manpower to the extent that when the personnel freeze went into effect on September 21, 1966, we had 134 more positions filled than we were provided in our position ceiling.

At the present time, we do have on board 4,685 persons with a ceiling of 4,710. With the leadtime in recruitment, this is, I think, a fairly close figure; we have 214 applications being processed. I think we have done very well in recruitment, Senator.

Senator HILL. I think you have.

Dr. GODDARD. Yes, sir. I think we can continue to do this well.

Senator HILL. You have been able to get the people and of the quality that you need?

BACTERIOLOGISTS AND PHARMACOLOGISTS

Dr. GODDARD. Well, the quality at times is a problem. To be very candid about it, I don't think our grade structure with respect to recruitment of bacteriologists and pharmacologists is of a high enough level to attract the kind of personnel we need in these sensitive areas to do our work. To bring a bacteriologist in at GS-9 is difficult to do.

Senator HILL. What is the salary of a GS-9 today?

Dr. GODDARD. About \$7,700. You see, one of the problems, we get grades tied to organizational structure and the number of persons the individual is supervising. This makes it difficult when we are talking about scientific personnel whom you need for specific kinds of jobs.

We are trying to alleviate this now both within our agency and with the Civil Service Commission. But that is a particular problem we have.

Senator HILL. It does present a problem.

Dr. GODDARD. Yes, sir.

INDUSTRIAL PERSONNEL RECRUITMENT

Senator HILL. You see, if industry wants a man, whatever it takes to get him they are in a position to pay. Is that right?

Dr. GODDARD. Yes, sir. But I should add that industry is having some of the same problems we have with respect to recruitment in the scarce categories. They do have the advantage, as you point out, of being able to pay what is needed. Even so, they have shortages in these categories.

GOVERNMENT-INDUSTRY COOPERATIVE RECRUITMENT PROGRAM

We are working with a committee of representatives from the industry that we are involved with to try to develop a program to attract more people into these fields from the college level.

Senator HILL. Up to date, not too much has been done, has there, to attract these people?

Dr. GODDARD. No. There has not been a program of sufficient magnitude to meet the need, not only to fill today's requirements but particularly to handle the requirements of tomorrow. We are hopeful that Mr. Cron's effort—Mr. Cron is our Assistant Commissioner for Information and Education—and the interested industry groups working with him will result in attracting more people in these scarce categories.

Senator HILL. All right, Doctor.

DRUG APPLICATIONS, ABUSE CONTROL, AND EFFICACY REVIEW

Dr. GODDARD. Some of these accomplishments include: (1) A reduction of the backlogs in new drug applications and food additive petitions. For example, on January 1, 1967, there were 98 new drug applications that were over 180 days old and on March 1, 1967, there were only 47 new drug applications which were over 180 days old.

Senator HILL. You have cut that in two?

Dr. GODDARD. Yes, sir; and I think we will meet the deadline we have established. By July 1 this year, we will have no new drug applications that are more than 180 days old.

(2) The implementation of the Drug Abuse Control Amendments of 1965.

(3) The establishment of a separate bureau with a comprehensive program in veterinary drugs and medicated feeds.

(4) The initiation of the review for efficacy of about 3,000 drugs that entered the market between 1938 and 1962.

Senator HILL. That is quite a jump, isn't it?

Dr. GODDARD. Yes, sir. We are very fortunate, indeed, that the National Academy of Sciences has undertaken this task on our behalf. They have brought together panels of outstanding scientists from all over the United States. Of course, one of the increases we are requesting in this year's budget is related to the continuation of that effort on a contractual basis that is now underway.

Senator HILL. What is the cost of that, Doctor?

Dr. GODDARD. The cost of the increased fund for the next year is \$635,000 to complete the work in fiscal 1968.

Senator HILL. When did they start this?

Dr. GODDARD. They started in June of 1966.

Senator HILL. Proceed.

DRUG CONSUMER EDUCATION PROGRAM

Dr. GODDARD. (5) An improved national consumer education program with special attention to such groups as the aged and health and science education.

INSPECTION FORCE

(6) Forty percent of the total agency's staff is located in the 18 district offices. For the first 6 months of fiscal year 1967, our inspectional force conducted 24,000 inspections in the domestic area. Analysts in our district offices examined over 47,000 samples, and in the import area there were 8,500 wharf examinations. This inspectional and analytical effort resulted in 559 seizures, 104 prosecutions, 14 injunctions, and 3,196 detentions.

Senator HILL. Speaking about those wharf examinations, are you adequately equipped to do that?

Dr. GODDARD. No, sir; we are not. We do about 10 percent of the imports coming in. In the drug area, it is 35 percent because we do concentrate more on the bulk shipments of drugs. But we do not have the work force in this area to carry out the full responsibilities.

Part of it, we recognize, is that it would be an almost impossible task to take individual shipments; first-class mail and that kind of item. They run well over a million a year, and we could never hope to fulfill that obligation. Even on the bulk shipments, we are not doing the job.

DRUG ABUSE AVOIDANCE, INDUSTRY VOLUNTARY COMPLIANCE

In addition, we have increased our efforts this year toward industry voluntary compliance. Fifty industry workshops have been held in the field, two of which were conducted with pharmacy leaders aimed at reducing the drug abuse problem. Seven national conferences have been held this year and we are planning an additional 35 or 40 industry workshops throughout the country for the balance of this fiscal year.

These workshops have been particularly effective in the Salmonella problem in nonfat dry milk, good manufacturing practices in human drugs, medicated feeds, and warehousing of foods.

FOOD AND DRUG HEALTH HAZARD

We have devoted our first attention to the health hazard areas of both foods and drugs. This is reflected in our planning, in which we have allocated 553 inspectional and analytical man-years to the hazardous drug problem and 249 man-years to the hazardous food area.

This allocation has permitted us to reduce the inspection cycle on human drugs to the point where each firm will be inspected at least once this fiscal year. We have been able to achieve a similar cycle with respect to the major hazardous foods such as instantized nonfat dry milk.

I should like to touch briefly upon a few of the major problems encountered through our enforcement operations:

SALMONELLA

Salmonella is a problem of which the actual scope and magnitude is unknown. We are constantly encountering problems in new areas, involving ingredients not previously implicated.

During fiscal year 1966, a total of 509 samples and 5,936 subsamples of eggs and foods containing egg products were examined for the presence of *Salmonella* organisms. Approximately 27 percent of the samples and 9 percent of the subsamples were found to contain *Salmonella* organisms.

INSTANT NONFAT DRY MILK CONTAMINATION

Based upon our finding of *Salmonella* contamination in instant nonfat dry milk, we expanded our sampling and surveillance operations to include all dry-milk plants. This has been a continued program since April that has resulted in examination of 11,450 samples, representing the output of approximately 325 drying plants. Thus far, we have encountered 28 plants in whose product a variety of serotypes of *Salmonella* have been isolated.

As you know, there have been a number of recalls of dried milk, both instant and regular, during the past several months. The FDA, USDA, and PHS have an on-going inspection and sampling program for *Salmonella*.

THYROID POWDER CONTAMINATION

Last April, the *Salmonella* problem cropped up in another area when the Food and Drug Administration encountered the organism in an imported shipment of bulk thyroid powder from Denmark. This occurrence prompted us to sample and examine for *Salmonella* all imports of thyroid and similar products of animal origin.

Within a few weeks, imports of thyroid from Argentina, Italy, Canada, and Uruguay, and pancreatin from Canada, were found contaminated with *Salmonella* and detained.

Senator HILL. That was a most important finding, was it not?

Dr. GODDARD. Yes, sir; and one that is going to present problems. We will have to maintain a high level of surveillance in this area.

Senator HILL. That could cause a lot of trouble.

SALMONELLA ILLNESSES

Dr. GODDARD. Yes, sir. Surveillance and continued sampling of products offered for import indicate that the problem continues. Illness due to *Salmonella* is reported at a rate of 21,000 cases and 100 deaths a year.

As the Senator knows, the estimated number of cases in relation to reported cases runs between 100 and 200. So, there are between 50 and 100 cases per reported case—something between 1 and 2 million cases occurring per year in the United States.

CONTAMINATION OF DOMESTIC DRUGS OF ANIMAL ORIGIN

A program of inspection and sampling of domestic production of drug substances of animal origin was undertaken which demonstrated that contamination of our domestic production on a level comparable to that of the imported products existed.

ENDRIN IN CANTALOUPS

Early this month, the Dallas district, in its routine examination of imported foods for pesticide residues, found endrin residues in the

edible portion of cantaloups. Samples collected from many lots being imported along the Texas-Mexican border indicated that the cantaloups from two growing areas contained endrin residues. As of March 15, 24 carloads of cantaloups, about 20 percent of the total offered for importation during this period had been rejected because of the residues.

Endrin in melons has not been a problem in domestic production. Our information is there is no widespread use of endrin in domestic cantaloup production.

Senator HILL. Just what would be the effect of this endrin?

Dr. GODDARD. There would not be any acute toxicity, sir. The concern is that it adds chemicals which are maintained in the body over long periods of time, and no one really knows the impact of long-term storage from these chemicals in the body. This is why we have so many of these agricultural products with zero tolerance on them today for this type of pesticide.

The residues being detected were at the .08 to 0.10 parts per million. These are fairly substantial residues. Since our tolerances are established at zero, it would have been illegal for us to have permitted the importation of the product.

DEFECTIVE SALMON CANS

A potential health hazard was recently uncovered during the examination of several lots of canned salmon. This examination showed an improper closure of the can, commonly known as V's and droops. Some of these defective cans showed the presence of viable microorganisms, decomposition, and leaky seams upon laboratory examination.

Further examination of salmon stocks in warehouses revealed similar defects in production from other canneries, ranging from less than 1 to as high as 6.3 percent. No injuries from consumption of canned salmon have been reported recently; however, there is a high potential for contamination in this type of defect and resulting health hazard.

At the present time, defective cans are being removed from various lots by the firms in the terminal warehouses under the supervision of the National Canners Association, followed by a check by the Food and Drug Administration.

Senator HILL. Do you think you have been pretty successful?

Dr. GODDARD. Yes, sir. We are working very closely with the National Canners Association on this. The cans are being inspected before labeling.

If you are interested, sir, these types of defects that are being encountered. They are seam defects. You will see this is what is called a droop. This results in improper closure. The can is still warm or hot and then can draw in the moisture which may contain bacteria and thus introduce viable microorganisms. You will recall a few years ago the problem we had with botulism.

Senator HILL. Yes; I remember that. It was quite a problem, wasn't it?

Dr. GODDARD. Yes, sir.

POTENT DRUG SURVEY

A pilot survey of drug potency revealed that over half of the 245 drug manufacturers included had one or more product samples that did not meet acceptable standards. The sampling covered 20 categories of the most important drugs in which variations in potency are of medical significance.

This sampling was the first of its kind by FDA, and the experience gained will be utilized in developing a more extensive, continuing survey program, one more important statistic representative of what is in the marketplace. A broader survey program is projected which will cover other drug qualities in addition to potency.

There were 4,573 drug samples collected in the survey. Analysis showed that 376 samples—or 8.2 percent of the total—were above or below acceptable potency levels. The 376 samples came from 126 different firms.

Senator HILL. What would be the effect upon the individual?

Dr. GODDARD. Senator, the effect would depend on whether too much of the active ingredient was present or not enough. So, we had samples of no dedroxin in the dedroxin tablets and 190 percent of thyroid present in thyroid tablets, either one of which could cause serious problems.

INCREASED RECALLS OF FOODS, DRUGS, AND COSMETICS

During the first 8 months of this fiscal year, we monitored a total of 612 recalls of foods, drugs, and cosmetics. These included 479 recalls of drugs, 116 foods, 2 cosmetics and 15 hazardous substances. These figures show a marked increase over the 446 recalls in fiscal year 1966.

Senator HILL. What do you ascribe this to?

Dr. GODDARD. A good deal with the problems associated with Salmonella and in instant nonfat dried milk and milk-containing products. Some of it is related to the potency survey and some, I think, to just a general increase in our activities in the field. We are doing more sample analyses in our laboratory and this is the outcome.

Senator HILL. You have stepped it up quite a bit, haven't you?

FAILURE OF GOOD MANUFACTURING PRACTICES

Dr. GODDARD. Yes. I must say it is a disturbing thing. We have had a voluntary compliance program running for 3 years. I don't mean to suggest that we won't continue to work, but we will continue to work with the manufacturers in these areas.

Yet, what we really are going to have to do is convince them that good manufacturing practices have to be followed. We can't rely on drug recalls, for example, as a way of solving this problem. Most of these could have been avoided in the drug recall area if good manufacturing practices had been followed.

Senator HILL. You have approximately 200 million people in this country. It needs to be right to start with; isn't that correct?

Dr. GODDARD. Yes, sir; you are very correct.

The BDAC was established in March 1966 and initiated an immediate training program for agents at the University of California, Berkeley, in the School of Criminology. One hundred and fifty agents

were trained there through August 1966. Training now is conducted at headquarters in Washington.

In spite of the intensive training effort, significant enforcement gains were made throughout our newly opened nine field offices.

CRIMINAL AND DRUG INJURY INVESTIGATIONS

From May 1, 1966, through January 31, 1967, 1,500 criminal investigations were initiated; 250 drug accountability investigations were made, including production and record checks on all primary manufacturers of barbiturates and amphetamines, and firms whose products have been encountered most often in the illicit market. One hundred twenty-three drug injury investigations were also completed.

DRUG SEIZURES AND ARRESTS

During this period, 30.6 million dosage units of depressant, stimulant, hallucinogenic, and counterfeit drugs were seized, having an estimated value on the illicit market of over \$8 million. One hundred sixty-eight arrests were made. Sixteen subjects were armed at the time of their arrest; 61 arrested persons had prior criminal records, and 31 of the 61 had a prior record of drug or narcotic violations.

Senator HILL. Are they mostly in our larger cities?

Dr. GODDARD. Yes, sir. Most of our efforts are concentrated where the major populations are in the Nation.

Senator HILL. Proceed.

Dr. GODDARD. The Bureau spent 14 percent of its agent time on LSD in the second quarter of fiscal year 1967. From April 1966 to mid-February 1967, 68 hallucinogenic violation arrests were made—99 percent involved LSD.

Over 1.2 million dosage units of counterfeit drugs were encountered and seized.

EDUCATIONAL PROGRAM

In addition to the enforcement effort, we have launched a strong educational program. Field officers have given more than 200 talks on the law and problems relating to drug abuse before lay and professional groups.

I must add this is only a beginning of the effort needed to contend with a problem of this magnitude.

The field offices are now engaged in holding 1-day seminars for local and State officials engaged in drug control activities. This is a continuing effort.

At headquarters, two intensive 1-week schools have been conducted for 80 senior officials from the United States and Canada in their area of primary interest, drug abuse control.

A series of letters to the country's 56,000 pharmacies have been issued, explaining their responsibilities under the Drug Abuse Control Amendments. Letters have been mailed to the 8,000 hospitals in the United States. Direct communications have been maintained with deans of the Nation's schools of pharmacy.

A bulletin on drug enforcement problems has been established and issued to approximately 10,000 police chiefs of large and small cities and to security officers on college campuses.

One national and two area pharmacy leadership conferences have been held. A contract has been negotiated with the National Associa-

tion of Student Personnel Administrators to develop and conduct an educational program for college deans and personnel administrators. Four of seven regional meetings have already been held.

Educational materials have been distributed and a movie, "Goofballs and Bennies," prepared.

FEDERAL-STATE COOPERATIVE PROGRAM

A Federal-State cooperative program directed at the pharmacy level is operational in six States, and negotiations are presently being conducted with 14 additional State governments.

FDA laboratory support has been made available for State and local law enforcement agencies in criminal prosecutive matters and is fully operational.

RESEARCH STUDIES

Research studies have been initiated and planned in the areas of statistical, pharmacological, and behavioral activities associated with drug abuse as part of the Bureau's determination of the nonpunitive methods of dealing with the problems.

Senator HILL. The truth is that we have finally become concerned about air and water pollution. We should have been concerned 50 years ago in fighting this problem.

It seems to me that you are really doing a job now on the matter of these drugs.

DRUG ABUSE ON COLLEGE CAMPUSES

Dr. GODDARD. We hope to be able to. There is a larger problem, I think, than perhaps anyone had suspected. It is a growing concern to the college administrators and, I believe, to almost everyone in our society.

The frequency with which reports are made in the lay press on problems in that given area indicates that there has not been any significant reduction. If anything, there is perhaps more drug abuse going on than a year ago. It is difficult to statistically support that contention.

Senator HILL. You judge that from reading the press?

Dr. GODDARD. Yes, and also we are conducting in conjunction with the National Institute of Mental Health a study on the campuses to try to arrive at some valid conclusion as to the extent of drug abuse. This will be a continuing program over the years so we will be able to assess how effective the education and other efforts are in helping to reduce the problem.

SALARIES AND EXPENSES

Mr. Chairman, I should like to outline briefly our 1968 request.

For the "Salaries and expenses" appropriation, we are proposing a total increase of 188 positions and \$5,513,000.

Senator HILL. Did you get what you asked for from the Budget Bureau?

Dr. GODDARD. No, sir.

DEPARTMENT AND BUDGET BUREAU REDUCTIONS

Senator HILL. How much did the Budget Bureau cut you?

Dr. GODDARD. They cut us in total for S&E and buildings, and facilities from \$84 million to \$67,899,000.

Senator HILL. The Department reduced your request by \$14,021,000, and the Budget Bureau cut the Department's request down by some \$15,482,000; is that right?

Dr. GODDARD. Yes, sir.

REJECTED INCREASES

Senator HILL. How would you have expended this money if you had it?

Dr. GODDARD. We would employ more agents in the drug abuse control area and mount a larger educational campaign. We would have added additional personnel above this present request in the Bureau of Medicine, to handle the backlogs and supplementals in particular as well as investigating new drugs.

We would have increased our field staff in the import area. We would have added to our voluntary compliance activities where we have just one position.

I think these are the major areas in which we would have had substantial increases.

APPROVED ITEMS

The major items in this request are the following: \$1,137,000 to fund built-in increases from the preceding year; \$1,825,400 to provide for the requested 188 new positions and related costs; \$2,202,000 for major contractual efforts; \$298,600 for items specified to our drug abuse control program; and \$50,000 for specialized food research equipment in the food technology area.

DRUG ABUSE CONTROL PROGRAM

The 1968 budget places a high priority and major emphasis on the drug abuse control program. This year's increase constitutes the final stage of a three-phase buildup originally planned when Congress unanimously approved the drug abuse legislation a year and a half ago.

I have taken every step possible to insure that this new program does not suffer from lack of resources during its critical development stage. This year, our program request is for an additional 69 positions and \$1,666,200 for the Bureau of Drug Abuse Control's enforcement, education, and research efforts. Of this amount, \$700,000 is for extramural research into causes of drug abuse.

POSITION INCREASE

About a third of our program increase—61 positions and \$2,141,000—will be used to expedite and improve the evaluation of new drug submissions and to strengthen FDA's surveillance of marketed drugs. Included in that amount is \$1.5 million for extramural contracts.

CONTRACTS AND EXTRAMURAL RESEARCH

Two contracts, human and veterinary, totaling \$635,000, provide for the review for efficacy of all drugs marketed between 1938 and 1962; an increase of \$502,000 will fund extramural research on the side effects of oral contraceptive drugs; one contract, \$365,000, will furnish more meaningful drug experience data to help us identify adverse reactions to drugs.

DRUG EFFICACY REVIEW

Senator HILL. That review will be quite a job, won't it?

Dr. GODDARD. Yes, sir.

The Academy, I believe, has 27 panels and almost 200 people involved in the review. It is going along very well. Progress being made is indeed gratifying.

Senator HILL. Who is heading up that review?

Dr. GODDARD. Dr. Keith Cannon is the person in charge of the administrative activities. Dr. William Middleton, the Chairman of the Drug Research Board of the National Academy of Sciences-National Research Council is the person actually responsible for the fulfillment of this with the assistance of NAS/NRC staff.

FOOD STANDARDS PROGRAM

We propose an additional 16 positions and \$241,300 to strengthen our food standards program. In fiscal year 1966, FDA initiated approximately four food standards; in 1968, we plan to issue approximately 20 standards. To do this, FDA will need a larger regulatory staff and more scientists in the laboratory to conduct investigations in support of our enforcement actions.

DISTRICT OFFICES

We propose an additional 28 positions and \$234,300 for our district offices. Seventeen of these positions will be used in the field to implement the Fair Packaging and Labeling Act. For the first year, the primary effort will be directed toward determining how well the requirements of the new act are being met. The remaining new positions will help us maintain closer surveillance over drug manufacturers who have filed new drug applications and to improve the field operation.

ADDITIONAL SUPPORTING PROGRAMS

We are requesting an increase of 14 positions and \$93,200 for other supporting programs in the areas of education and voluntary compliance, as well as executive direction and administrative support. This will provide support for overhead expenses such as planning, accounting, personnel, and other miscellaneous functions.

APPROPRIATION ESTIMATE

"BUILDINGS AND FACILITIES

"For construction, alteration, and equipment of facilities, including acquisition of sites, and planning, architectural, and engineering services, **[\$3,130,000]** \$1,150,000, to remain available until expended."

442 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Amounts available for obligation

	1967	1968
Appropriation.....	\$3, 130, 000	\$1, 150, 000
Unobligated balance brought forward.....	18, 213, 825	15, 321, 854
Recovery of prior-year obligation.....	65, 000	-----
Comparative transfer from "Pharmacological-Animal Laboratory Building, FDA".....	21, 414	-----
Unobligated balance carried forward.....	-15, 321, 854	-1, 505, 000
Total obligations.....	6, 108, 385	14, 966, 854

New obligational authority and obligations by activity

Description	1967 estimate	1968 estimate	Increase or decrease
Additional headquarters laboratory facilities.....	-----	\$1, 150, 000	+\$1, 150, 000
Field facilities.....	\$3, 130, 000	-----	-3, 130, 000
Subtotal (new obligational authority).....	3, 130, 000	1, 150, 000	-1, 980, 000
Unobligated balance brought forward.....	18, 213, 825	15, 321, 854	-2, 891, 971
Recovery of prior-year obligation.....	65, 000	-----	-65, 000
Comparative transfer from "Pharmacological-Animal Laboratory Building, FDA".....	21, 414	-----	-21, 414
Unobligated balance carried forward.....	-15, 321, 854	-1, 505, 000	+13, 816, 854
Total obligations.....	6, 108, 385	14, 966, 854	+8, 858, 469

New obligational authority by activity

Description	1967 estimate	1968 estimate
Laboratory No. 2.....	-----	\$950, 000
Repairs and improvements to laboratory and field facilities.....	-----	200, 000
Portable equipment for district offices:	-----	-----
(a) St. Louis.....	\$175, 000	-----
(b) San Francisco.....	223, 000	-----
Fixed equipment for district offices:	-----	-----
(a) Chicago.....	400, 000	-----
(b) New Orleans.....	400, 000	-----
(c) Seattle.....	200, 000	-----
Additional planning, site acquisition, and construction funds for district offices:	-----	-----
(a) Chicago.....	653, 000	-----
(b) Denver.....	10, 000	-----
(c) New Orleans.....	328, 700	-----
(d) Philadelphia.....	425, 100	-----
(e) Seattle.....	315, 200	-----
Total new obligational authority.....	3, 130, 000	1, 150, 000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
25 Other services.....	\$1, 320, 604	\$1, 155, 600	-\$165, 004
31 Equipment.....	71, 367	-----	-71, 367
32 Lands and structures.....	4, 716, 414	13, 811, 254	+9, 094, 840
Total.....	6, 108, 385	14, 966, 854	+8, 858, 469

Summary of changes

1966 unobligated balance brought forward-----	\$18, 213, 825
1967 enacted appropriation-----	3, 130, 000
Comparative transfer from: "Pharmacological-Animal Laboratory Building, FDA"-----	21, 414
Recovery of prior-year obligation-----	65, 000
Total amount available for obligation, 1967-----	21, 430, 239
Less: unobligated balance carried forward, 1967-----	-15, 321, 854
1967 total estimated obligations-----	6, 108, 385
1967 unobligated balance brought forward-----	15, 321, 854
1968 appropriation estimate-----	1, 150, 000
Unobligated balance carried forward-----	-1, 505, 000
1968 estimated obligations-----	14, 966, 854
Total change-----	+8, 858, 469
Increases:	
A. Mandatory:	
Unobligated balance brought forward-----	15, 321, 854
Less: 1968 unobligated balance carried forward-----	-1, 505, 000
Subtotal, mandatory increases-----	13, 816, 854
B. Program:	
1. Planning funds for a second laboratory-----	950, 000
2. Repairs and improvements to laboratory and field facilities-----	200, 000
Subtotal, program increases-----	1, 150, 000
Total increases-----	14, 966, 854
Decreases:	
Beltsville Laboratory No. 1-----	-84, 926
FOB No. 8 conversion-----	-375, 000
FOB No. 8 portable equipment-----	-67, 275
Whelping building-----	-80, 000
Pharmacological-Animal Lab sewage treatment plant-----	-70, 414
Field facilities-----	-5, 430, 770
Total decreases-----	-6, 108, 385
Total net change in obligations-----	+8, 858, 469

EXPLANATION OF CHANGES

Unobligated balance brought forward.—A total of \$15,321,854 from prior year appropriations is being brought forward into 1968. Of this amount, \$3,739,998 is needed for construction and fixed equipment for Beltsville Laboratory #1, and \$700,000 is the amount originally budgeted for fixed equipment in 1967 but which will be applied to 1968 projects (see page 78 for explanation). The balance of \$10,881,856 is for completion of the current district office modernization program, including construction and equipment at Chicago, Denver, Philadelphia, St. Louis, and Seattle, and equipment at New Orleans and San Francisco.

Headquarters and Field Laboratory Facilities.—A total of \$1,150,000 is requested for laboratory facilities. Of this amount, \$950,000 is requested to plan a second (650-man) laboratory building, and \$200,000 is requested for major repairs and improvements to laboratory and field facilities.

JUSTIFICATION BY ACTIVITY

1. Construction of headquarters laboratory facilities

	1967 estimate	1968 estimate	Increase or decrease
Other services (planning, architectural services, etc.)	\$244,926	\$950,000	+\$705,074
Equipment	67,275		—67,275
Land and structures	365,414	4,639,998	+4,274,584
Total obligations	677,615	5,589,998	+4,912,383
Unobligated balance brought forward	—5,117,613	—4,439,998	—677,615
Unobligated balance carried forward	+4,439,998		—4,439,998
New obligational authority		1,150,000	+1,150,000

Obligations by project

Project	1967 estimate	1968 estimate	Increase or decrease
Laboratory No. 1	\$84,926	\$3,739,998	\$3,655,072
Laboratory No. 2		950,000	+950,000
FOB-8 space conversion	375,000		—375,000
FOB-8 portable equipment	67,275		—67,275
Whelping building	80,000		—80,000
Sewage treatment plant ¹	70,414		—70,414
Swine facility		300,000	+300,000
Dog-breeding quarters		100,000	+100,000
6th X (building shape) at SPAL		300,000	+300,000
Repairs and improvements		200,000	+200,000
Total obligations	677,615	5,589,998	+4,912,383

¹ At special pharmacological animal laboratory (SPAL).

LABORATORY No. 2

There appears to be no question about the demonstrated need for additional laboratory facilities for our scientific activities. Our present facilities, all in the Washington area, number three: (1) the main building at 200 C Street S.W. (FB-8); (2) part of the South Agriculture Building; and (3) 501 First Street, S.E. When the current conversion of an additional part of FB-8 from office to laboratory space is completed by the end of FY 1967, no further increments of lab space will become available for almost two years (late 1969), when Laboratory #1 at Beltsville is completed. Also, we are committed to relinquishing our space in South Agriculture in 1969, when Laboratory #1 is available for occupancy; and the facility at 501 First Street, S.E. is in poor structural condition and is not satisfactory for laboratory purposes (since it was not built as such), and will be released by 1972. Overall staffing projections for laboratory personnel as compared to available and projected laboratory capacities are indicated on the table below, and are illustrated on the following page:

	1967	1968	1969	1970	1971	1972
Lab and related personnel ¹	672	698	781	874	986	1,107
Laboratory facilities capacity ²	651	651	769	769	769	1,126
FB-8	(481)	(481)	(481)	(481)	(481)	(481)
South agricultural	(100)	(100)				
501	(70)	(70)	(70)	(70)	(70)	
Lab No. 1			(218)	(218)	(218)	(218)
Lab No. 2						(427)

¹ Assumes 15-percent growth in overall staff after 1968.² Not including office, administrative, animal housing, etc.

A laboratory worker, whether a scientist or an aide, generally requires greater space in which to operate than an office worker. As an example, the 15,000 square feet in FB-8 currently being converted from office to lab space will make room for 70 people; the number of office workers formerly occupying that same space is 107. Also, it is not usually possible to house laboratory workers in rental quarters. This is because of the specialized nature of their work, which not only requires complicated systems of ventilation, plumbing, etc., but also requires grouping by type of work performed, which in turn places certain requirements on a facility. The table below indicates the long-range plan for facilities utilization:

Building	Staffing		Occupants
	Total	Lab	
FB-8-----	119 85 223 228 56 35 45 153 (944)	----- ----- 183 128 49 35 ----- 86 (481)	Bureau of Science executive direction. Laboratory services. Certification functions and related. Food standards and additives functions. Color and cosmetic chemistry. Drug review. Supply management and library. Toxicological evaluation.
Lab No. 1-----	178 71 6 25 (280)	157 61 ----- ----- (218)	Food chemistry. Pharmaceutical chemistry. Laboratory services. Facilities management.
Lab No. 2-----	25 130 147 210 39 10 35 8 (604)	----- 114 129 184 ----- ----- ----- ----- (427)	Bureau of Science executive direction. Nutritional research. Microbiological research. Pharmacology. Laboratory services. Supply management. Facilities management. Library.

Because of the inter-relatedness of one scientific discipline to another, and their close relationship as a whole to other agency functions—regulatory, informational, etc.,—FDA has considered that the best configuration of research facilities would be one where they were all in close proximity to headquarters. Laboratories #1 and #2 will not be separately functioning entities, but will in effect be interdependent. The scientific disciplines in the two facilities will be, as indicated before, inter-related, e.g., food standards work in #1 and food chemistry in #2. This closeness lends itself strongly to the interchange of scientific knowledge and a generally higher quality of output. Therefore, \$950,000 is requested to plan a 650-man laboratory building.

REPAIRS AND IMPROVEMENTS

In 1968, funds in the amount of \$200,000 are requested for repairs and improvements to Government-owned laboratory and field facilities. These funds will be used for non-recurring major repairs or replacement of building equipment and systems, longer-cycle recurring maintenance repairs such as the overall rehabilitation of roofing, and any betterment which affects the capacity or changes the basic design of the property. Several of our field facilities, and especially the laboratories, will need extensive repairs to heating and ventilating systems, the installation of additional specialized laboratory plumbing, etc. Headquarters facilities such as the Special Pharmacological Animal Laboratory need roofing repairs, wall shorings, etc. These items are expected to be taken care of by inclusion in FDA's repair and improvement program and are not considered as part of the planned, scheduled maintenance and operations program, for facilities, building equipment, and grounds.

PROJECTS FOR WHICH NO ADDITIONAL NEW OBLIGATIONAL AUTHORITY IS REQUIRED

The three projects discussed below can be completed by using funds previously appropriated (in 1967) for district office fixed equipment, but the major part of which will not be required for that purpose. The funds were originally budgeted

when it was thought that amounts previously (1962) appropriated and obligated for the equipment would lapse to the Treasury when the original contracts were cancelled as a prerequisite to their renegotiation. However, under a ruling from the Comptroller General, the previously-obligated funds will be available for reobligation. Therefore, of the \$1,000,000 appropriated in 1967 for the equipment, only about \$250,000 will actually be applied to the equipment (in combination with the funds recovered from 1962). Of the remainder, \$50,000 has been applied to funding the sewage treatment plant at SPAL and the rest (\$700,000) will be used for the following three projects.

DOG-BREEDING QUARTERS

In 1968, dog-breeding facilities for the Special Pharmacological Animal Laboratory will be built. This laboratory now houses about 400 dogs used in FDA experiment work. However, SPAL was not designed as a breeding facility nor is there room at SPAL for dog-breeding (which is currently conducted at the Bureau of Veterinary Medicine at Beltsville in make-shift quarters). In addition, the specially controlled conditions and rigid sanitary requirements necessary for breeding healthy dogs for research purposes necessitate a special breeding facility located near SPAL, at an estimated cost of \$100,000.

SIXTH "X" (BUILDING SHAPE) AT SPAL

The increasing tempo of the research program in the Bureau of Science requires additional facilities at SPAL to house research animals. At present, FDA has available five animal housing "X's" with a capacity for 400 dogs and between 50 to 100 other animals. Research requirements in the next several years indicate that four of the five "X's" at SPAL will be used for dogs and that the fifth "X" will be used to house other research animals. The expanding research requirements in the evaluation area, particularly the chronic toxicity studies of the effect of specific pesticides on dogs in long-term feeding studies will require use of about 100 additional dogs for experimentation purposes by this research program. Therefore, a sixth "X" is proposed at a cost of \$300,000.

SWINE FACILITIES

A building such as SPAL (discussed above) is designed for the *housing* of research animals. However, an entirely different type of structure is needed for the *breeding* of animals. This type of facility usually is somewhat more expensive than a housing facility, since it must contain special pens, etc. FDA has a need for a special swine breeding facility to service its research requirements. Currently, FDA breeds pigs at the Knoblauch area, located on the grounds of the Agricultural Research center at Beltsville, Maryland. The available facilities are considered to be unsatisfactory to produce the type of experimental animal the FDA requires. The breeding now takes place on an open field. The field in question was formerly used for the study of diseased animals with the result that worm infestation is a common occurrence. In addition to problems associated with the soil per se the present open field exposes our experimental animals to attack by rats and wild foxes in the area. The open field also brings about serious losses in litters because of exposure to the elements. In circumstances such as described above we are unable to obtain the type and number of experimental animals we require.

Therefore, FDA has determined that its research program requires a facility that can breed between 250 and 300 worm-free piglets per year for use in toxicity experiments, replacement of breeding stock, and to meet commitments made to the Department of Agriculture for the study of the genetics of these animals. These commitments were made in exchange for permission to use the Knoblauch area. In addition, between 80 to 100 young swine per year will be needed for work on methods for estimating the effectiveness of antiviral agents in these animals. The rigid sanitary requirements necessary to keep the swine worm-free requires an all concrete flooring in the breeding pens and runs. The runs have been scaled to the minimum requirements conducive to good breeding practices. The cost of this facility is estimated at \$300,000.

FDA has considered a number of alternatives in arriving at this proposal. None of the alternatives, e.g., commercial procurement of test animals, will enable FDA to produce the type of test animal required with control over genetic factors.

PLANS FOR 1967

Major items in the 1967 program are: (1) the completion of planning on Beltsville Laboratory #1; (2) the conversion of 15,000 square feet of office to lab space in FOB-8; (3) the finish of the initial equipping of FOB-8; (4) the construction of the Whelping building at SPAL; and (5) the construction of the sewage treatment plant at SPAL.

2. Construction of field facilities

	1967 estimate	1968 estimate	Increase or decrease
Other services.....	\$1,075,678	\$205,600	-\$870,078
Equipment.....	4,092		-4,092
Land and structures.....	4,351,000	9,171,256	+4,820,256
Total obligations.....	5,430,770	9,376,856	+3,946,086
Unobligated balance brought forward.....	13,182,626	10,881,856	+2,300,770
Unobligated balance carried forward.....	10,881,856	1,505,000	-9,376,856
New obligational authority.....	3,130,000		-3,130,000

Obligations by project

Project	1967 estimate	1968 estimate	Increase or decrease
Chicago district office.....	\$34,533	\$3,098,400	+\$3,063,867
Planning.....	34,533	71,600	+37,067
Construction and fixed equipment.....		3,026,800	+3,026,800
Denver district office.....	97,258	1,146,400	+1,049,142
Planning.....	59,258		-59,258
Site acquisition.....	38,000		-38,000
Construction and fixed equipment.....		1,146,400	+1,146,400
New Orleans district office.....	2,189,254	117,800	-2,071,454
Planning.....	128,254	117,800	-10,454
Construction and fixed equipment.....	2,061,000		-2,061,000
Philadelphia district office.....	542,137	2,042,550	+1,500,413
Planning.....	307,137		-307,137
Site acquisition.....	235,000		-235,000
Construction and fixed equipment.....		2,042,550	+2,042,550
St. Louis district office.....	116,638	1,502,306	+1,385,668
Planning.....	116,638		-116,638
Construction and fixed equipment.....		1,502,306	+1,502,306
San Francisco district office.....	2,399,810	16,200	-2,383,610
Planning.....	109,810	16,200	-93,610
Construction and fixed equipment.....	2,290,000		-2,290,000
Seattle district office.....	47,048	1,453,200	+1,406,152
Planning.....	47,048		-47,048
Construction and fixed equipment.....		1,453,200	+1,453,200
New York district office: Portable equipment.....	4,092		-4,092
Total obligations.....	5,430,770	9,376,856	+3,946,086

Current indications are that construction contracts for two of the seven FDA district offices in the current building program will probably be let in 1967, with the remainder scheduled in 1968 as indicated below :

	Award Contract	Occupancy
District:		
Denver.....	March 1968.....	March 1969.
Seattle.....	May 1968.....	May 1969.
St. Louis.....	May 1968.....	July 1969.
Philadelphia.....	May 1968.....	September 1969.
Chicago.....	June 1968.....	January 1970.

All funds for these offices—planning, site acquisition, construction, and equipment—have already been appropriated, although certain of the equipment funds will not actually be obligated until the facilities are ready for occupancy.

There have been several delays in the construction program, which can be attributed to two basic factors: (1) rising construction costs; and (2) changes in site location. The problem of rising costs is encountered when other factors, for one reason or another, delay construction starts. At that time, either the type of building must be modified to fit within available funds or more funds must be requested. Either or both will cause even further delays. A combination of the two caused FDA to request an appropriation of \$1,732,000 in 1967 to make up for funding deficiencies. This occurred because original funding estimates had been based upon the costs of a given size of facility under lease-construction. When it was found that the projected capacities of these buildings were too small, both the capacities and the funding estimates were raised by about one-third. However, a facility to house one-third more people will provide a cost increment of greater than one-third, although this was not recognized at the time. After building standards were scaled down as much as possible, it was still found necessary to request the extra funds. Site location problems have occurred for a variety of reasons; for instance, the site for the Philadelphia office has had to be changed because of civic opposition to locating the office in a proposed restoration area. Recently, there has been a change in the philosophy regarding the role of the district offices. Now that they are reporting directly to the Commissioner, they will be representative of FDA as a whole. Also, the agency has decided that it would be in its best interests to locate as many as possible of the district offices in close proximity to medical-scientific research facilities, such as are present at universities, PHS sites, VA hospitals, etc. The advantages of this are numerous; recruitment will be enhanced; additional laboratory facilities will be available and there will be many possibilities for cooperative research programs. The result is that site relocations have been made necessary for four of the seven new offices. However, the site relocations have resulted in increased costs as new sites must be found, new architect-and-engineer (A & E) contracts negotiated (since plans are not usually interchangeable between sites, and increased construction cost estimates have in turn increased the A & E costs), etc.

BUILDINGS AND FACILITIES

We are requesting \$1,150,000 for 1968 in our buildings and facilities appropriation. This money will provide for two items: repairs and improvements to laboratory and field facilities; and planning for a second research laboratory.

NONRECURRING MAJOR REPAIRS AND IMPROVEMENTS

Two hundred thousand dollars is requested to finance nonrecurring major repairs and improvements to our laboratory and field facilities. These funds will be used for nonrecurring major repairs and replacement of building equipment and systems which are not considered a part of the regular maintenance programs.

RESEARCH LABORATORY, BELTSVILLE, MD.

The other item in this request is \$950,000 in planning funds for a second research laboratory, designed to house approximately 650 laboratory and supporting personnel. We have considered possible alternatives, and it seems that the best location for the facility would be at Beltsville, Md., in proximity to laboratory No. 1.

This new facility would house part of the staff that FDA must hire between now and 1971 in order to answer the complex scientific questions facing the agency. FDA has housed its laboratory research staff in inadequate quarters in the past. Unless we can provide first-quality equipment and facilities to scientists, we cannot hope to recruit and retain first-quality people. By the same token, we cannot hope to keep pace with the technological advances that industry is making in its own testing and manufacturing processes.

With the assistance of my staff, I would be pleased to answer any questions that you may have relating to this request.

PRIOR CONGRESSIONAL REJECTION

Senator HILL. You speak about this facility at Beltsville. You may recall that you asked for that 2 years ago.

Dr. GODDARD. Yes, sir.

Senator HILL. I said that, FDA did. Mr. Larrick was the head of it at that time. The House disallowed the request.

Although our committee tried to provide the funds, the House would not agree to the funds in conference and therefore you did not get the money.

Last year, you sought \$950,000 for this purpose and the House approved the estimate but it was not approved by the Senate. The Senate position of nonapproval prevailed in the conference.

Now you present your request for the third time; is that right?

Dr. GODDARD. That is correct, sir.

Senator HILL. Notwithstanding the action of the Congress in rejecting the request twice before.

QUESTIONABLE LABORATORY LOCATION

Dr. GODDARD. That is right. I would say, sir, from reading the record and from the discussions involving the laboratory, there does not seem to be any disagreement with the need, that we are a scientific agency with growing demands and need expansion in the scientific area to do our job properly. There does seem to be concern about the location.

Senator HILL. The report on this bill by the Senate committee has clearly stated, "Although the planning funds are included in the House-passed bill, the committee expresses apprehension as to the feasibility of the site selection. It recommends no funds for the facility."

But you still strongly feel that the facility should be built there at Beltsville?

Dr. GODDARD. Sir, we think this is the best site. We have looked at alternate sites in preparation for these hearings and carried out a study of possible locations outside the Washington area.

OPERATION ECONOMY, SHARING OF MAINTENANCE EQUIPMENT AND CENTRALIZED SERVICE AND ANIMAL BREEDING

Senator HILL. What are your reasons for feeling that this is the best site?

Dr. GODDARD. Colocation with Beltsville 1 and the Special Pharmacological Animal Laboratory would achieve an economy of operation and a common sharing of certain kinds of equipments with respect to maintenance, provision of centralized service, and animal breeding activities. These are the major reasons.

Senator HILL. You think both economy and efficiency would dictate that location?

Dr. GODDARD. Yes, sir. But, make no mistake. We are in dire need of the facility. If it has to be located outside of Beltsville and away from the Washington area, we will accept that. We badly need the item.

Senator HILL. You badly need the item?

Dr. GODDARD. Yes, sir.

SECOND LOCATION CHOICE

Senator HILL. You strongly feel that the best location for this facility is at Beltsville?

Dr. GODDARD. Our study indicates this is the best location.

We have a second site selection which has advantages that Beltsville does not have and, of course, suffers from the disadvantage of not having colocation with the one at [Beltsville.]

Senator HILL. What would your second site be?

Dr. GODDARD. Tentatively, we are looking at Madison, Wis., with the university, because of its very strong interest in the areas of nutrition research, of pharmacology, of biochemistry, and the other kinds of activities that will be carried out in this particular facility.

Senator HILL. Is there anything that you gentlemen would like to add?

Mr. CARDWELL. So far as the Secretary is concerned, this problem has been discussed with him. The Department is aware of the concern of this committee and the congestion in the Washington area. We are aware that the committee sees certain problems of locating additional facilities here. It was on this basis that the Commissioner, with the acquiescence of the Secretary, did examine alternative sites and came prepared with a second choice in the event that this becomes necessary.

Senator HILL. What is the flying time from Washington to Madison, Wis.?

Dr. GODDARD. Two hours to Chicago and then 1½ hours more to Madison. It is roughly 4 hours, depending on the time of the day. This is one of the factors.

Senator HILL. You don't have your own private plane, do you?

Dr. GODDARD. No, sir; I wish we did. Last night it would have been very handy.

Senator HILL. Doctor, you have brought us an awfully good statement. I want to say I think you did a mighty good job.

Dr. GODDARD. Thank you, sir.

Senator HILL. You are working in a mighty important field. You are getting more and more drugs all the time.

Of course, there is a drug called Geritol. Have you heard of that?

Dr. GODDARD. Yes, sir. That is the Federal Trade Commission's problem, sir.

Senator HILL. We certainly appreciate your testimony and the work you are doing.

We thank all of you gentlemen very, very much.

OFFICE OF EDUCATION

STATEMENT OF HAROLD HOWE II, COMMISSIONER OF EDUCATION; ACCOMPANIED BY NOLAN ESTES, ASSOCIATE COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION; PETER P. MUIRHEAD, ASSOCIATE COMMISSIONER FOR HIGHER EDUCATION; GRANT VENN, ASSOCIATE COMMISSIONER FOR ADULT AND VOCATIONAL EDUCATION; R. LOUIS BRIGHT, ASSOCIATE COMMISSIONER FOR RESEARCH; J. WILLIAM RIOUX, ACTING ASSOCIATE COMMISSIONER FOR EDUCATION OF THE HANDICAPPED; NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOE G. KEEN, BUDGET OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

INTRODUCTION OF ASSOCIATES

Senator HILL. Now, Commissioner Howe, you may proceed in your own way.

Mr. HOWE. I have a short statement I would like to read, if I may.

Senator HILL. You may do so.

Mr. HOWE. Before I do so, let me introduce some of my associates.

On my right is Mr. Nolan Estes, Associate Commissioner in charge of the Bureau of Elementary and Secondary Education. He just assumed that post a short time ago, replacing Dr. Harris whom I believe you knew over the years.

Senator HILL. Yes; I did.

Mr. HOWE. I believe you know Mr. Muirhead, who has been with us for quite some time in charge of Higher Education.

Then, I believe, you know Mr. Karsh who has been with us before.

Senator HILL. Yes.

BUDGET REQUEST

Mr. HOWE. Mr. Chairman, and members of the committee, we welcome this opportunity to present to you our fiscal year 1968 budget request for programs administered by the Office of Education.

Our request includes 10 separate appropriations totaling approximately \$4 billion. Within these appropriations, there are approximately 60 separate programs. Each title of each authorization is, with a few exceptions, a distinct operation, requiring its own regulations, guidelines, and procedures.

ACCOMPLISHMENTS

I believe it would be helpful, at the outset, to give you a brief overview of the progress and accomplishments we have made in the past year and also describe to you our plans for the coming year. As we dis-

cuss the individual appropriations themselves, I would ask my colleagues to speak directly to each particular program.

IMPACT ON SCHOOL PROBLEMS

In fiscal year 1966, the first year of operation of several of our most significant programs, a considerable impact was made upon problems new being faced in the Nation's schools.

A few statistical examples can illustrate the impact of our support in that year. About 8,300,000 disadvantaged children in some 17,400 school districts benefited from special educational programs. Almost 1 million awards in the form of grants and loans were made to deserving youths to enable them to pursue a college education. Approximately 5,800,000 students were enrolled in vocational education programs supported in part by Office of Education funds. Some 75 million of our citizens received new or improved public library services. Over 60,000 educational personnel, including teachers and researchers, received advanced training.

REGIONAL EDUCATIONAL LABORATORIES AND SUPPLEMENTAL EDUCATIONAL CENTERS

Our program of regional educational laboratories was initiated in 1966 to bring together the resources of universities, public schools, and other organizations in order to improve the teaching and learning in our classrooms. Closely related to this effort is the program of supplementary educational centers and services which offers local educators the opportunity to examine the special needs of children in their districts and to make use of the latest research findings in developing new practices and programs.

1967 LEGISLATION

In fiscal year 1967, the Congress enacted legislation which extended and broadened the far-reaching Elementary and Secondary Education Act, Higher Education Facilities Act, and Library Services and Construction Act, as well as passing numerous amendments to other programs. Certainly the support and dedication of this committee has been one of the major instruments in bringing these programs to reality.

Our 1968 request to this committee for these vital programs totals almost \$4 billion—an increase of \$82 million over 1967.

TRANSFER OF PROGRAMS TO OFFICE OF ASSISTANT SECRETARY FOR EDUCATION

I might mention that in line with the President's program for international education, we are in the process of transferring two programs to the Office of Assistant Secretary for Education—language and area centers and fellowships under title VI of the National Defense Education Act and our appropriation "Foreign Language Training and Area Studies" under the Mutual Educational and Cultural Exchange Act. This transfer will provide greater coordination of educational programs aimed toward international understanding. Therefore, these two activities are now included in the budget for the Secretary's office and are no longer in ours.

MAJOR CATEGORY FUNDS DISTRIBUTION

The \$4 billion now being requested is distributed in these major categories:

OPERATIONAL SUPPORT OF EDUCATIONAL SERVICES

The sum of \$2.4 billion, or 61 percent, is earmarked for direct, operational support of educational services, through local school districts, public libraries, and institutions of higher education. This major portion of our funds will provide for today's needs, in contrast to the future benefits of construction or research funds.

FACILITY CONSTRUCTION

Approximately \$557 million, or 14 percent of the funds being requested, will be directed toward the construction of facilities. These construction funds will be used predominantly for institutions of higher education, but are also for vocational education facilities, public libraries, and elementary and secondary schools affected by the impact of families employed by the Federal Government.

In this area of construction, we are anticipating \$200 million additional to be available for construction loans by selling securities on the open market. These securities will be based on past year loans previously made by the Federal Government for construction purposes.

STUDENT AID

An amount of \$537 million, or 13 percent of our request, will be for student aid, which includes loans to individuals, undergraduate scholarships, and the work-study program.

TEACHER IMPROVEMENT

Programs to improve teachers, such as graduate fellowships, special institutes, and teacher training activities will receive \$254 million. This amounts to 6 percent of our request and will be directed toward the upgrading of teachers in areas requiring special attention.

EDUCATIONAL RESEARCH

Educational research will require \$113 million. This is less than 3 percent of our total request. Research will be conducted in many fields including curriculum development, vocational research, improvement of education for the handicapped, and the continued effort to establish educational laboratories to demonstrate in schools and colleges the actual results that are coming from our research efforts. We are placing particular emphasis on bringing the results of research into action in the schools.

ADMINISTRATIVE CAPABILITY IMPROVEMENT

An amount of \$51 million will be directed for the development of greater administrative capability where it counts—in the State agencies that administer a majority of programs financed through the Office of Education. More funds, in fact, will be provided to State agencies for administrative purposes than to the Office of Education itself.

OFFICE OPERATION

To operate the Office of Education, we will require approximately \$44 million. This is about 1 percent of our total request.

DISTRIBUTION PERCENTAGE UNCHANGED

Senator HILL. How does this compare with what you have this year?

Mr. HOWE. The percentage, Mr. Chairman, is almost exactly the same. The increase is around \$7 million.

Senator HILL. The percentage of your total budget is the same.

SALARIES AND EXPENSES

Mr. HOWE. The same.

Senator HILL. At this time I shall insert a table in the record which compares the 1967 appropriations and the 1968 budget estimates for the Office of Education.

Office of Education

Item	Appropriations, fiscal year 1967	Budget estimates 1968	Increase (+) or decrease (-)
Elementary and secondary educational activities.....	\$1,342,410,000	\$1,692,000,000	+\$349,590,000
School assistance in federally affected areas.....	416,200,000	439,137,000	-----
Assistance for school construction.....	22,937,000		
National teacher corps.....	7,500,000	36,000,000	+28,500,000
Higher educational activities.....	413,900,000	1,173,194,000	+24,600,000
Higher education facilities construction.....	722,744,000		
Further endowment of colleges of agriculture and the mechanic arts.....	11,950,000		
Expansion and improvement of vocational education.....	278,016,000	259,900,000	-18,116,000
Libraries and community services.....	76,000,000	165,950,000	+89,950,000
Educational improvement for the handicapped.....	32,600,000	53,400,000	+20,800,000
Research and training.....	70,000,000	99,900,000	+29,900,000
Educational research and training (special foreign currency program).....	1,000,000	4,600,000	+3,600,000
Salaries and expenses.....	35,150,000	40,253,000	+5,103,000
Defense educational activities.....	446,357,000	-----	-446,357,000
Foreign language training and area studies.....	3,000,000	-----	-3,000,000
Student loan insurance fund.....	3,200,000	-----	-3,200,000
Total, Office of Education.....	3,882,964,000	3,964,334,000	+81,370,000

COMPLEX RELATIONSHIPS WITH EDUCATIONAL COMMUNITY

Mr. HOWE. I would like to touch briefly on our request for "Salaries and expenses."

As you know, the Office of Education has experienced a phenomenal growth over the last 3 years. In fact, our current 1967 appropriation represents more than a 450 percent increase over our 1964 appropriation. But dollar figures alone do not tell the whole story. Naturally, this growth has resulted in new and complex relationships between the Office of Education and the educational community.

In administering 60 varied programs, our professional staff works closely with State departments of education, local school districts, colleges and universities, State higher education authorities, educational organizations and associations, State library agencies, and others.

We must assure that the Federal funds are used prudently and wisely as intended by Congress, while at the same time respecting local autonomy of education. The job is not an easy one. Our rapid expansion to a \$4 billion enterprise has strained our capacity to meet all the demands made of the Office of Education. In general, however, we are pleased and somewhat proud of our achievements and our rapport with the academic community.

STATE PROGRAM REGIONALIZATION

But we still need to provide better program coordination and closer informal relationships with our clientele at the grassroots level. Therefore, we are currently in the process of what we call regionalizing our State grant programs—that is, transferring their day-to-day administrative responsibilities to our field offices. We feel that these regional offices will provide a more effective liaison between the Office of Education and the States in planning and developing programs and in managing funds.

HEADQUARTERS PLANNING AND ISSUANCE OF REGULATIONS

At the same time, this will enable our headquarters staff to devote more time to overall planning, development of policy and objectives, and issuance of regulations, instructions, and other operating guides. We are most enthusiastic over the results which this undertaking promises.

In summary, Mr. Chairman, we believe that the budget we are proposing is prudent in terms of our economy, and at the same time will enable us to continue these far-reaching programs in an imaginative and creative manner. The President in his budget message reaffirmed that "Our Nation's greatness depends upon the full development and abilities of its citizens." We can do no less than strive toward providing the means to obtain this development.

Thank you, Mr. Chairman.

I will be glad to answer any questions you may have.

OWEN D. YOUNG COMMISSION

Senator HILL. Mr. Commissioner, do you remember the Charles Mann Commission, or was that before your time?

Mr. HOWE. That was before my time. I was about 13 years old then.

Senator HILL. You have not had occasion to read the report in recent years?

Mr. HOWE. I haven't. I will be happy to get a chance to see it.

Senator HILL. I would be interested to know just what has been done in the Congress in the more recent years since the National Defense Education Act was passed in 1958 to see how these different actions fit into the overall recommendation of that Commission.

Mr. HOWE. Was that the Commission that concerned itself with governmental operations broadly?

Senator HILL. I think it was confined largely, as I recall, to education.

The Hoover Commission, itself, concerned the different fields of Government operations, not only education but the others.

As I recall, the Charles Mann Commission which was set up by President Hoover during his administration many years ago concerned itself primarily and basically with education.

I was interested in knowing how the recommendations of that Commission might in some way fit in with what has been done since 1958 by the Congress.

MR. HOWE. If it would be of interest to you, we would be happy to look at those recommendations and give you a memorandum in brief form on this.

SENATOR HILL. If you would do that, I would appreciate it. I am sure you can find a copy of it at the Library of Congress.

MR. HOWE. I am sure we would profit by the exercise and we will be happy to do it.

SENATOR HILL. It would be interesting because they spent some time making a study.

So many of these programs have come into being since 1958. Isn't that true?

MR. HOWE. This is true. The major move in education started in 1958; really in the last 3 or 4 years.

SENATOR HILL. In the last 3 or 4 years, many of these programs have come into being.

(The information follows:)

RECOMMENDATIONS OF THE NATIONAL ADVISORY COMMITTEE ON EDUCATION, 1929

This Committee was appointed by President Herbert Hoover in 1929. It was composed of 52 Americans prominent in educational circles. It was chaired by Charles Riborg Mann, Executive Director, American Council on Education.

The task of the Committee was set forth best by President Hoover in his message of Congress on December 3, 1929:

"In view of the considerable difference of opinion as to policies which should be pursued by the Federal Government with respect to education, I have appointed a Committee representative of the important educational associations and others to investigate and present recommendations."

The Committee reported in 1931. Its report, consisting of two volumes, was entitled *Federal Relations to Education* (Washington, D.C., 1931).

Volume I. *Committee Findings and Recommendations*, viii, 140 p.

Volume II. *Basic Facts*, xvi, 448 p.

Volume I of the report is divided into two sections. The first section presents the recommendations of the Committee regarding Federal educational policies and procedures, i.e., *legislation*. The second section presents the recommendations of the Committee regarding the *governmental organization* felt to be best suited to carry out the recommendations of the first section.

SECTION I RECOMMENDATIONS

The main thrust of the recommendations of this first section is that *general*, not specific or categorical, aid be given to the schools. The Committee came to this conclusion because it felt that the local responsibility and autonomy of the school systems of the United States was at all cost to be retained and that federal control was at all cost to be avoided. Since, according to the Committee, specific or categorical aid of the type the Federal Government had been granting since 1862 (land-grant colleges) brought with it conditions and controls, general aid—which the Committee did not deny was needed—was best suited to minimize the control of the Federal Government over education and best maximize control by the State and local governments.

In line with this basic premise and conclusion, the Committee made the following basic recommendations:

1. Specific aid should be continued for at least five years or at least until enough information is available to provide a sound plan for an equitable and economical method of federal financial assistance to the States. But while such

specific aid should be continued during this time, the States should be left free to expend the monies designated for the specific purposes without the requirement for matching of monies and without having to get federal approval of State plans.

2. No additional laws that grant federal financial aid to the States in support of special types of education or that increase existing federal grants for such special purposes as are already aided should be enacted.

3. Aid education generally. If such aid comes, it should in no case consist of flat grants of equal amount to the States but should be apportioned to the States on the basis of adequate educational and financial studies.

4. Create an adequate federal headquarters for educational research and information so organized as to both serve the States and help the many federal agencies engaged in educational activities of one sort or another coordinate their efforts. (This recommendation ties in with the proposal made in Section II for an Interdepartmental Council on Education.)

SECTION II RECOMMENDATIONS

The basic recommendation of this "governmental organization" section is that a Department of Education with a Secretary of Education at its head be established in the Federal Government, in accordance with the following specifications:

1. The present Office of Education in the Department of the Interior shall be the nucleus of the new Department of Education.

2. The Department shall have two Assistant Secretaries of Education. One will head a division concerned with those matters now being handled by the Office of Education. The second will head a division having to do with vocational education on the secondary level. In line with this, the Federal Board for Vocational Education shall be abolished and its functions transferred to this second major division of the Department. But in line with the Committee's thinking that there should be no "regulatory or executive" responsibilities vested in the Department of Education (see below), the Smith-Hughes Act of 1917 and all subsequent legislation dealing with vocational education shall first be amended by repealing those provisions that require State matching of federal funds and federal approval of State plans and standards and that give federal officials authority to withhold funds.

3. Those federal educational activities presently being handled by various Department, e.g., Indian Education in the Bureau of Indian Affairs or agricultural extension for adults in the Department of Agriculture or military training in the Departments of War and Navy should be left where they are presently situated.

4. An Interdepartmental Council on Education chaired by the Secretary of Education should be established. The membership shall consist of the executive heads of every federal office intimately concerned with education. The purpose of the Council will be to coordinate the policies and procedures of the dispersed federal educational activities. The Council will initiate investigations but its findings will be wholly advisory.

5. The Department of Education will be basically a factfinding and disseminating department. With its new and higher status it will be in a better position to collect and publish a broader range of information on education. Some of the more important phases of education now needing this service are: education of the physically, socially, and mentally handicapped; education of government personnel under the various Departments; education on governmental areas; and the educational aspects of clinics, playgrounds, parks, libraries, museums, motion pictures, radio and other similar environmental activities.

The Department as recommended by the Committee will have no legal or financial power and no regulatory or executive authority, direct or indirect, explicit or implied, by which it may control the social purposes and specific processes of education. This limitation of powers necessitates a complete reversal of the tendency exhibited in much recent federal legislation to build up a centralized control of the purposes and processes of education in the Federal Government.

Volume II of the Report of the Committee is a staff report containing basic facts presenting the further details which bear upon the major statements, conclusions, and recommendations made by the Committee.

In assessing whether or not the basic recommendations of this Committee have been carried out since 1958, the following can be fairly stated:

1. General aid is not yet a reality. Instead, since 1958, categorical or specific aid has been the trend, although some would hold that the Elementary and Secondary Education Act, P.L. 89-10, is so broad as to constitute the first general aid bill in history.

2. The Office of Education is not a Department of Education with cabinet-level status.

3. Vocational education is now handled by the Office of Education. The Office absorbed the Federal Board for Vocational Education on October 10, 1933. In the Elementary and Secondary Education Amendments of 1966, Congress directed the Office to set up by July 1, 1967 a Bureau for the Education and Training of the Handicapped. This Bureau was established on January 12, 1967. As regards the coordination of Federal education activities, Executive Order 11185, October 16, 1964, established a Federal Interagency Committee on Education to be chaired by the Assistant Secretary for Education, DHEW.

BUDGET BUREAU REDUCTIONS

Senator HILL. Did you get pretty much what you asked of the Budget Bureau?

Mr. HOWE. For fiscal 1967?

Senator HILL. Fiscal 1968.

Mr. HOWE. Excuse me. Our requests to the Bureau of the Budget were reduced considerably in the process of total budget consideration.

Senator HILL. The big item was that item dealing with educational assistance and education of deprived children?

Mr. HOWE. Yes, sir. The Department of Health, Education, and Welfare made a request of the Bureau of the Budget in round figures of \$3,300 million for all of the elementary and secondary activities. Most of that was for deprived children. That was cut considerably to the estimate we now have of nearly \$1.7 billion for all elementary and secondary activities.

INCREASE OVER FISCAL YEAR 1967

Senator HILL. How much did you have for this year?

Mr. HOWE. In the current budget year, we have \$1,464,610,000, so what we are requesting represents some increase.

Senator HILL. Some increase over 1967?

Mr. HOWE. Yes, sir.

Senator HILL. But not as much increase as you requested of the Department or the Department requested of the Budget?

Mr. HOWE. That is correct, Senator.

Senator HILL. Is there anything you gentlemen would like to add?

Mr. Commissioner, we want to thank you, sir.

ELEMENTARY AND SECONDARY EDUCATIONAL ACTIVITIES

STATEMENTS OF NOLAN ESTES, ASSOCIATE COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION; HAROLD HOWE II, COMMISSIONER OF EDUCATION; JOHN F. HUGHES, DIRECTOR, DIVISION OF COMPENSATORY EDUCATION; DONALD BIGELOW, DIRECTOR, DIVISION OF EDUCATIONAL PERSONNEL TRAINING; HARRY PHILLIPS, ACTING DIRECTOR, DIVISION OF STATE AGENCY COOPERATION; RALPH BECKER, DIRECTOR, DIVISION OF PLANS AND SUPPLEMENTARY CENTERS; IRWIN KIRK, EXECUTIVE OFFICER, ELEMENTARY AND SECONDARY EDUCATION; NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOE G. KEEN, BUDGET OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE OFFICE OF EDUCATION

ELEMENTARY AND SECONDARY EDUCATIONAL ACTIVITIES

For grants, loans, and payments under title II of the Act of September 30, 1950, as amended by title I of the Elementary and Secondary Education Act of 1965[.], and title I of the Elementary and Secondary Education Amendments of 1966, under titles II, III, and V of said 1965 Act, as amended by said 1966 Amendments, and under title III, V, and XI, of the National Defense Education Act of 1958, as amended (20 U.S.C. ch. 17; Public Laws 88-665, 89-329, 89-698, and 89-752), [\$1,342,410,000] \$1,692,000,000, of which [\$1,070,410,000] \$1,200,000,000 shall be for meeting the special educational needs of educationally deprived children under title II of the Act of September 30, 1950, as amended[.]: *Provided*, That \$15,000,000 shall be available for State programs for neglected and delinquent and migratory children on a pro rata basis and[.], but the aggregate amounts otherwise available for grants therefor within States shall not be less than the amounts [expended] allocated from the fiscal year [1966] 1967 appropriation [by] to local educational agencies in such States for grants; \$105,000,000 shall be for school library resources, textbooks, and other instructional materials under title II of said Elementary and Secondary Education Act of 1965[.], \$145,000,000[.]; \$240,000,000 shall be for supplementary educational centers and services under title III of said Act[.], and \$22,000,000[.]; \$29,750,000 shall be for strengthening State departments of education under title V of said Act[.]: *Provided*, That not more than \$30,000,000 of the sums contained herein shall be available for carrying out the Adult Education Act of 1966 including obligations incurred for this purpose under the provisions of Public Law 89-481, as amended: *Provided further*, That this paragraph shall be effective only upon enactment into law of H.R. 13161, Eighty-ninth Congress, or similar legislation[.]; \$50,000,000 shall be for grants to States and loans to nonprofit private schools for equipment and minor remodeling under title III of the National Defense Education Act of 1958, as amended, and for grants to States for administrative services under said title III; and \$24,5000,000 shall be for grants to States for testing, guidance, and counseling under title V of said Act: *Provided*, That allotments under sections 302(a) and 305 for equipment and minor remodeling shall be made on the basis of \$47,000,000 for grants to States and on the basis of \$6,409,091 for loans to private nonprofit schools, and allotments under section 302(b) for administrative services shall be made on the basis of \$2,000,000.

EXPLANATION OF LANGUAGE CHANGES

The requested inclusion of "loans," "under titles III, V, XI, of the National Defense Education Act of 1958, as amended," as well as the last insert beginning with "\$50,000,000 shall be" and ending with "on the basis of \$2,000,000" will provide for incorporation into this account of the following NDEA programs: Instructional Assistance under Title III, Guidance, Counseling, and Testing under Title V, and Institutes under Title XI. The changes will allow a more coordinated presentation of the elementary and secondary education programs.

It is proposed that the following proviso be deleted: "That \$15,000,000 shall be available for State programs for neglected and delinquent and migratory children on a pro rata basis and." This phrase was inserted to provide a specific amount to begin the new programs authorized by the 1966 Amendments.

Further it is proposed that the rest of this proviso be revised to substitute the word "allocated" for the word "expended" and "fiscal year 1967" be substituted for "fiscal year 1966." Since the requested appropriation was less than the authorization in 1967 this proviso was added to the 1967 language to assure that each State received at least as much as it expended in 1966. The substance of this provision is being retained for 1968. The word "allocated" is used rather than the word "expended" since the use of final expenditure reports from the States as a basis for our subsequent year allotments has resulted in long delays.

Elimination of the following provision is also proposed: "That not more than \$30,000,000 of the sums contained herein shall be available for carrying out the Adult Education Act of 1966 including obligations incurred for this purpose under the provisions of Public Law 89-481, as amended:." The 1967 Supplemental Appropriation Act included this provision in order to fund the Adult Education Program which was previously administered by the Office of Economic Opportunity but which was transferred to the Office of Education by the Elementary and Secondary Education Amendments of 1966. Beginning in 1968, this program is being funded under the appropriations "Libraries and Community Services," and "Salaries and Expenses."

Amounts available for obligation

	1967	1968
Appropriation.....	\$1,342,410,000	\$1,692,000,000
Comparative transfer to "Libraries and community services".....	-29,200,000	
Comparative transfer to "Salaries and expenses".....	-800,000	
Comparative transfer from "Defense educational activities".....	152,200,000	
Unobligated balance brought forward.....	28,872,000	
Unobligated balance lapsing.....	-55,000,000	
Total obligations.....	1,438,482,000	1,692,000,000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Educationally deprived children.....	\$998,410,000	\$1,200,000,000	+\$201,590,000
Supplementary educational centers and services.....	163,872,000	240,000,000	+76,128,000
Guidance, counseling, and testing.....	24,500,000	24,500,000	
Strengthening State departments of education.....	29,750,000	29,750,000	
Equipment and minor remodeling.....	82,700,000	50,000,000	-32,700,000
Library resources.....	102,000,000	105,000,000	+3,000,000
Teacher training institutes.....	37,250,000	42,750,000	+5,500,000
Total obligations.....	1,438,482,000	1,692,000,000	+253,518,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
25 Other services	\$37,250,000	\$42,750,000	+\$5,500,000
33 Investments and loans	1,500,000	1,000,000	-500,000
41 Grants, subsidies and contributions	1,399,732,000	1,648,250,000	+248,518,000
Total	1,438,482,000	1,692,000,000	253,518,000

Summary of changes

1967 enacted appropriation	\$1,342,410,000
Comparative transfer to "Libraries and community services"	-29,200,000
Comparative transfer to "Salaries and expenses"	-800,000
Comparative transfer from "Defense educational activities"	152,200,000
1967 revised appropriation	1,464,610,000
1968 estimated appropriation	1,692,000,000
Total change	+227,390,000

	Base	Changes from base
Increases:		
A. Program:		
1. Increase in assistance for educationally deprived children	\$1,053,410,000	\$146,590,000
2. Supplementary educational centers and services	135,000,000	105,000,000
3. Library resources	102,000,000	3,000,000
4. Teacher training institutes	37,250,000	5,500,000
Total program increases		260,090,000
Decreases:		
A. Program:		
1. Equipment and minor remodeling (total)	82,700,000	-32,700,000
Total net changes requested		+227,390,000

EXPLANATION OF CHANGES

An increase of \$146,590,000 under Title I of the Elementary and Secondary Education Act will provide a total program of \$1,200,000,000. An estimated 8,500,000 educationally deprived children will benefit compared to 7,500,000 children in 1967.

The \$105,000,000 increase will result in a total of \$240,000,000 for supplementary educational centers and services to continue 1200 projects initiated in prior years and to support 400 new planning and operational projects in 1968.

An increase of \$3,000,000 for grants to States for school library materials will provide a total of \$105,000,000 in 1968.

The increase of \$5,500,000 for teacher training institutes will provide a total program of \$42,750,000 to update and improve the training of educational personnel in modern foreign languages, reading, history, geography, English, economics, civics, and industrial arts. About 21,000 teachers and 1,650 counselors will participate compared to 18,000 teachers and 1,650 counselors in 1967.

The decrease of \$32,700,000 will provide a total of \$50,000,000 for equipment and minor remodeling under Title III of the National Defense Education Act.

Explanation of transfers

	1967 estimate	1968 estimate	Purpose
Comparative transfer from defense educational activities:			
Grants to States for guidance and testing (title VA, NDEA).	\$24, 500, 000	\$24, 500, 000	These changes will allow a more coordinated presentation of the elementary and secondary programs.
Grants to States for statistical services (title X, NDEA).	2, 250, 000	2, 250, 000	
Instructional assistance (title III, NDEA):			
Equipment and Minor Remodeling:			
Grants to States.....	79, 200, 000	47, 000, 000	
Loans to nonprofit private schools.	1, 500, 000	1, 000, 000	
Grants to States for supervision and administration.	7, 500, 000	7, 500, 000	
Institutes for counseling personnel (title VB, NDEA).	7, 250, 000	7, 250, 000	
Institutes (title XI, NDEA).....	30, 000, 000	35, 500, 000	
Total, comparative transfers from defense educational activities.	152, 200, 000	125, 000, 000	
Comparative transfer to—			
Libraries and community services: Adult Education Act of 1966.	29, 200, 000	44, 200, 000	The adult education program was transferred from the Office of Economic Opportunity to the Office of Education by the Elementary and Secondary Education Amendments of 1966. This program will be transferred to "Libraries and community services" in order to provide a more coordinated presentation of those types of programs.
Salaries and expenses: Adult Education Act of 1966.	800, 000	800, 000	
Total comparative transfers to.....	30, 000, 000	45, 000, 000	
Comparative transfers net.....	122, 200, 000	80, 000, 000	

	Estimate to Bureau of Budget	Budget estimate to Congress	House allowance	Senate allowance	Appropriation
1966.....	\$1, 450, 634, 000	\$1, 450, 634, 000	\$1, 121, 950, 000	\$1, 305, 950, 000	\$1, 124, 097, 000
1967.....	2, 883, 650, 000	1, 479, 610, 000	1, 479, 610, 000	1, 464, 610, 000	1, 464, 610, 000
1968.....	3, 312, 965, 000	1, 692, 000, 000	-----	-----	-----

NOTE.—In order to reflect comparability with the 1968 estimate, the amounts for 1966 and 1967 include activities previously carried under "Defense educational activities" (instructional assistance; guidance, counseling, and testing; State statistical services; and institutes) and exclude in 1967, adult basic education which has been transferred to "Libraries and community services" and "Salaries and expenses."

	1967 estimate	1968 estimate	Increase or decrease
1. Educationally deprived children.....	\$1, 053, 410, 000	\$1, 200, 000, 000	+\$146, 590, 000
2. Supplementary educational centers and services.....	135, 000, 000	240, 000, 000	+105, 000, 000
3. Guidance and counseling, and testing.....	24, 500, 000	24, 500, 000	-----
4. Strengthening State departments of education.....	29, 750, 000	29, 750, 000	-----
5. Equipment and minor remodeling.....	82, 700, 000	50, 000, 000	−32, 700, 000
6. Library resources.....	102, 000, 000	105, 000, 000	+3, 000, 000
7. Teacher training institutes.....	37, 250, 000	42, 750, 000	+5, 500, 000
Total.....	1, 464, 610, 000	1, 692, 000, 000	+227, 390, 000

Justification of estimate

	1967 estimate	1968 estimate	Increase
1. Educationally deprived children:			
(a) Grants to local educational agencies.....	\$1, 042, 227, 061	\$1, 187, 469, 209	+\$145, 242, 148
(b) Grants for State administrative expenses.....	11, 182, 939	12, 530, 791	+1, 347, 852
Total.....	1, 053, 410, 000	1, 200, 000, 000	+146, 590, 000

A fundamental improvement in the performance of educationally deprived children throughout the United States in school districts which contain the highest concentrations of economically disadvantaged children constitutes the basic and enduring purpose of Title I of the Elementary and Secondary Education Act of 1965. Authorized by Title II of P.L. 874 (89th Congress, P.L. 89-10 April 11, 1965), 22,467 Title I projects designed to meet the special educational needs of under-achieving school children were initiated in fiscal year 1966.

HOW TITLE I GRANTS ARE COMPUTED

The basic Title I authorization is computed by multiplying the number of eligible children in the local school district by one-half the average per pupil expenditure in the State or the Nation, whichever is higher. The number of eligible children is based on the number of children, ages 5 through 17, in average daily attendance, who are (1) in families with an annual income of less than the low-income factor (\$3,000 in 1968), (2) in families receiving an income in excess of the low-income factor, from payments under the program of Aid to Families with Dependent Children, or (3) living in institutions for neglected or delinquent children, or living in foster homes with public support.

Additional authorizations, outside the basic formula, are provided for State agencies directly operating or supporting schools for neglected or delinquent children and for handicapped children. Grants for children of migratory agricultural workers and Indian children are also separately computed.

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Title I—Assistance for educationally deprived children, 1966 adjusted obligation

States and outlying areas	Grants to local educational agencies	Administration	Total
Total.....	\$952,531,353	\$6,279,647	\$958,811,000
Alabama.....	30,706,027	65,412	30,771,439
Alaska.....	1,362,246	38,909	1,401,155
Arizona.....	8,398,432	78,334	8,476,766
Arkansas.....	18,954,806	116,440	19,071,246
California.....	63,701,234	406,761	64,107,995
Colorado.....	8,026,113	64,367	8,090,480
Connecticut.....	5,880,585	58,915	5,939,500
Delaware.....	1,858,953	20,095	1,879,048
Florida.....	27,683,603	278,836	27,962,439
Georgia.....	33,793,624	159,048	33,952,672
Hawaii.....	2,144,949	70,000	2,214,949
Idaho.....	2,284,334	41,872	2,326,206
Illinois.....	39,095,304	389,120	39,484,424
Indiana.....	15,271,828	71,735	15,343,563
Iowa.....	13,528,711	77,074	13,605,785
Kansas.....	8,955,484	39,307	8,994,791
Kentucky.....	25,816,055	81,727	25,897,782
Louisiana.....	23,097,395	149,368	23,246,763
Maine.....	3,425,164	48,322	3,473,486
Maryland.....	11,836,613	63,332	11,899,945
Massachusetts.....	10,056,800	18,755	10,075,555
Michigan.....	30,892,225	264,238	31,156,463
Minnesota.....	17,838,265	102,669	17,940,934
Mississippi.....	19,458,851	108,511	19,567,362
Missouri.....	22,567,571	88,448	22,656,019
Montana.....	3,216,805	75,000	3,291,805
Nebraska.....	4,950,287	42,000	4,992,287
Nevada.....	795,165	10,904	806,069
New Hampshire.....	1,075,299	20,555	1,095,854
New Jersey.....	24,047,443	210,000	24,257,443
New Mexico.....	9,089,698	65,968	9,155,666
New York.....	95,445,714	877,720	96,323,434
North Carolina.....	45,049,676	107,665	45,157,341
North Dakota.....	3,035,472	32,035	3,067,507
Ohio.....	34,481,614	182,851	34,664,465
Oklahoma.....	16,099,592	121,517	16,221,109
Oregon.....	7,226,759	50,000	7,276,759
Pennsylvania.....	45,537,327	151,729	45,689,056
Rhode Island.....	3,154,503	26,675	3,181,178
South Carolina.....	21,301,660	89,545	21,391,205
South Dakota.....	4,359,558	52,312	4,411,870
Tennessee.....	29,390,717	258,397	29,649,114
Texas.....	65,880,387	280,341	66,160,728
Utah.....	2,622,319	75,000	2,697,319
Vermont.....	1,515,196	17,490	1,532,686
Virginia.....	20,924,150	41,426	20,965,576
Washington.....	9,863,696	108,636	9,972,332
West Virginia.....	14,775,612	43,347	14,818,959
Wisconsin.....	13,550,000	59,751	13,609,751
Wyoming.....	1,095,087	46,893	1,141,980
District of Columbia.....	5,575,276	75,000	5,650,276
American Samoa.....	21,837,169	255,295	22,092,464
Guam.....			
Puerto Rico.....			
Virgin Islands.....			
Trust territories.....			

Title I—Educationally deprived children, fiscal year 1967 estimate

States and outlying areas	Basic grants	Migratory, juvenile delinquent, and dependent and neglected children	State administration	Total
Total.....	¹ \$1,030,227,061	\$12,000,000	² \$11,182,939	\$1,053,410,000
Alabama.....	30,581,977	124,050	307,060	31,013,087
Alaska.....	1,754,269	2,687	75,000	1,831,956
Arizona.....	8,580,095	302,674	88,828	8,971,597
Arkansas.....	20,530,505	124,320	206,548	20,861,373
California.....	72,226,023	1,623,927	738,499	74,588,449
Colorado.....	8,214,231	294,045	85,083	8,593,359
Connecticut.....	8,420,151	88,995	85,091	8,594,237
Delaware.....	1,971,824	50,472	75,000	2,097,296
Florida.....	26,934,843	1,235,792	281,706	28,452,341
Georgia.....	33,659,122	134,502	337,936	34,131,560
Hawaii.....	2,222,155	4,270	75,000	2,301,425
Idaho.....	2,521,177	129,721	75,000	2,725,898
Illinois.....	46,673,259	185,554	468,588	47,327,401
Indiana.....	15,144,146	127,682	152,718	15,424,546
Iowa.....	15,367,938	46,627	154,146	15,568,711
Kansas.....	9,860,961	131,552	99,925	10,092,438
Kentucky.....	27,245,246	89,045	273,343	27,607,634
Louisiana.....	28,923,082	177,361	291,004	29,391,447
Maine.....	3,483,352	14,552	75,000	3,573,204
Maryland.....	14,448,733	120,559	145,693	14,714,985
Massachusetts.....	14,735,734	79,132	143,149	14,963,015
Michigan.....	31,495,780	590,887	320,867	32,407,534
Minnesota.....	19,432,004	85,094	195,171	19,712,269
Mississippi.....	23,253,685	148,010	234,017	23,635,712
Missouri.....	23,538,408	143,851	286,823	23,919,082
Montana.....	3,097,730	119,075	75,000	3,291,805
Nebraska.....	5,397,650	47,995	75,000	5,520,645
Nevada.....	830,207	19,133	75,000	924,340
New Hampshire.....	1,254,692	5,128	75,000	1,334,820
New Jersey.....	23,749,091	298,352	240,474	24,287,917
New Mexico.....	9,776,960	150,943	99,279	10,027,182
New York.....	113,509,526	517,848	1,140,274	115,167,648
North Carolina.....	45,452,786	274,025	457,268	46,184,079
North Dakota.....	3,920,930	128,596	75,000	4,124,526
Ohio.....	34,481,614	297,543	347,792	35,126,949
Oklahoma.....	16,949,576	168,032	171,176	17,288,784
Oregon.....	7,211,645	240,557	75,000	7,527,202
Pennsylvania.....	48,023,795	128,683	481,525	48,634,003
Rhode Island.....	3,540,150	12,725	75,000	3,627,875
South Carolina.....	21,176,273	125,387	213,017	21,514,677
South Dakota.....	5,393,629	9,884	75,000	5,478,513
Tennessee.....	29,390,717	100,734	294,915	29,786,366
Texas.....	65,713,636	2,490,890	682,045	68,886,571
Utah.....	2,927,273	39,912	75,000	3,042,185
Vermont.....	1,505,903	9,293	75,000	1,590,196
Virginia.....	23,926,068	135,153	240,612	24,301,833
Washington.....	10,312,660	290,829	106,035	10,709,524
West Virginia.....	14,741,840	33,772	147,756	14,923,368
Wisconsin.....	14,697,006	132,156	148,292	14,977,454
Wyoming.....	1,234,662	100,933	75,000	1,410,595
District of Columbia.....	5,575,276	66,761	75,000	5,717,037
Outlying areas.....	25,217,066	-----	286,284	25,503,350

¹ Includes programs for handicapped children in State operated and supported schools. Authorizations ratably reduced with the provision that "the aggregate amounts otherwise available for grants within States shall not be less than the amounts expended from the fiscal year 1966 appropriation by local educational agencies in such States for grants."

² 1 percent of total program grants per State, or \$75,000, whichever is larger.

NOTE.—Table based on fiscal information available Jan. 30, 1967.

Title I—Assistance for educationally deprived children

	Grants to local educational agencies ¹	Grants for State administrative expenses ²	Total
United States and outlying areas.....	\$1,187,469,209	\$12,530,791	\$1,200,000,000
50 States and District of Columbia.....	1,158,507,209	12,240,791	1,170,748,000
Alabama.....	41,592,572	415,926	42,008,498
Alaska.....	1,756,956	75,000	1,831,956
Arizona.....	8,882,769	88,828	8,971,597
Arkansas.....	26,010,246	260,103	26,270,349
California.....	73,849,950	738,500	74,588,450
Colorado.....	8,585,172	85,852	8,671,024
Connecticut.....	8,509,146	85,091	8,594,237
Delaware.....	2,022,296	75,000	2,097,296
Florida.....	33,090,374	330,994	33,430,368
Georgia.....	45,366,305	453,663	45,819,968
Hawaii.....	2,251,656	75,000	2,326,656
Idaho.....	3,199,302	75,000	3,274,302
Illinois.....	46,858,813	468,588	47,327,401
Indiana.....	16,915,974	169,160	17,085,134
Iowa.....	15,414,565	154,145	15,568,710
Kansas.....	9,992,513	99,925	10,092,438
Kentucky.....	33,736,392	337,364	34,073,756
Louisiana.....	37,398,016	373,886	37,772,602
Maine.....	4,711,801	75,000	4,786,801
Maryland.....	14,569,292	145,693	14,714,985
Massachusetts.....	14,814,866	148,149	14,963,015
Michigan.....	32,086,667	320,867	32,407,534
Minnesota.....	20,159,871	201,599	20,361,470
Mississippi.....	40,195,350	401,954	40,597,304
Missouri.....	25,321,803	253,218	25,575,021
Montana.....	3,548,792	75,000	3,623,792
Nebraska.....	7,751,029	77,510	7,828,539
Nevada.....	890,231	75,000	965,231
New Hampshire.....	1,684,163	75,000	1,759,163
New Jersey.....	24,047,443	240,474	24,287,917
New Mexico.....	9,927,903	99,279	10,027,182
New York.....	114,027,374	1,140,274	115,167,648
North Carolina.....	58,859,338	588,593	59,447,931
North Dakota.....	5,202,448	75,000	5,277,448
Ohio.....	34,779,157	347,792	35,126,949
Oklahoma.....	17,356,626	173,566	17,530,192
Oregon.....	7,452,202	75,000	7,527,202
Pennsylvania.....	48,152,478	481,525	48,634,003
Rhode Island.....	3,552,875	75,000	3,627,875
South Carolina.....	35,407,861	354,079	35,761,940
South Dakota.....	5,967,504	75,000	6,042,504
Tennessee.....	40,057,222	400,572	40,457,794
Texas.....	82,085,382	820,854	82,906,236
Utah.....	2,967,185	75,000	3,042,185
Vermont.....	2,020,035	75,000	2,095,035
Virginia.....	32,870,257	328,703	33,198,960
Washington.....	10,603,489	106,035	10,709,524
West Virginia.....	18,449,552	184,496	18,634,048
Wisconsin.....	16,343,417	163,434	16,506,851
Wyoming.....	1,558,942	75,000	1,633,942
District of Columbia.....	5,642,037	75,000	5,717,037
Outlying areas.....	28,962,000	290,000	29,252,000

¹ Estimated authorizations based on estimated 5-17 population, low-income factor, \$3,000 per annum; AFDC 1965; estimated ADA, handicapped children (January 1967); estimated migratory children of migratory workers (FTE 1965); juvenile delinquents (January 1967); dependent and neglected children (January 1967); estimated children 5-17 supported by public funds in foster homes (January 1967); and 50 percent of State or national average estimated CE per pupil in ADA 1965-66 (except migratory children). This estimated authorization was ratably reduced to the Bureau of the Budget allowance for fiscal year 1968, with the provision that "the aggregate amounts otherwise available grants therefor within States shall not be less than the amounts allocated from the fiscal year 1967 appropriation to local educational agencies in such States for grants." A preliminary State listing of fiscal year 1967 State allotments for title I grants, based on incomplete data as of Jan. 30, 1967, was used to determine these State amounts.

² 1 percent of col. 2, or \$75,000, whichever is larger.

Title III—Supplementary educational centers and services; fiscal year 1966 actual obligations and fiscal year 1967 and 1968 allotments

State and outlying areas	1966 actual	1967 estimated allotment	1968 estimated allotment ¹
Total.....	\$46,128,107	\$135,000,000	\$240,000,000
Alabama.....	421,516	2,463,073	4,371,000
Alaska.....	261,829	377,273	526,726
Arizona.....	442,155	1,226,009	2,091,004
Arkansas.....	440,942	1,418,521	2,445,818
California.....	5,352,586	11,604,104	21,218,545
Colorado.....	598,338	1,447,762	2,499,713
Connecticut.....	548,068	1,937,827	3,402,935
Delaware.....	256,219	521,739	792,987
Florida.....	1,300,971	3,741,378	6,727,003
Georgia.....	966,088	3,023,851	5,404,550
Hawaii.....	438,234	661,975	1,051,451
Idaho.....	411,953	655,429	1,039,388
Illinois.....	2,167,971	6,773,178	12,314,817
Indiana.....	985,449	3,305,175	5,923,052
Iowa.....	658,384	1,933,483	3,394,927
Kansas.....	743,869	1,613,194	2,804,615
Kentucky.....	502,006	2,215,481	3,914,671
Louisiana.....	808,018	2,551,891	4,534,697
Maine.....	300,229	816,550	1,336,345
Maryland.....	791,905	2,444,096	4,336,025
Massachusetts.....	1,015,550	3,453,108	6,195,703
Michigan.....	2,157,220	5,593,773	10,141,093
Minnesota.....	1,089,436	2,495,405	4,430,590
Mississippi.....	230,008	1,735,608	3,030,230
Missouri.....	1,119,034	2,955,870	5,279,259
Montana.....	309,056	657,349	1,042,926
Nebraska.....	678,086	1,113,087	1,882,882
Nevada.....	319,808	469,728	697,128
New Hampshire.....	326,638	617,565	969,601
New Jersey.....	1,679,040	4,326,020	7,804,539
New Mexico.....	116,657	890,947	1,473,463
New York.....	4,510,519	11,005,483	20,115,247
North Carolina.....	453,739	3,362,088	6,027,947
North Dakota.....	223,090	625,564	954,343
Ohio.....	2,038,690	6,719,472	12,215,835
Oklahoma.....	682,320	1,702,628	2,969,448
Oregon.....	774,042	1,415,150	2,439,605
Pennsylvania.....	2,831,784	7,283,581	13,255,526
Rhode Island.....	262,005	738,160	1,191,867
South Carolina.....	187,283	1,886,501	3,308,339
South Dakota.....	.....	644,729	1,019,665
Tennessee.....	221,545	2,619,719	4,659,708
Texas.....	2,384,448	7,002,968	12,738,335
Utah.....	550,708	877,386	1,448,469
Vermont.....	316,544	454,247	668,595
Virginia.....	358,893	2,990,411	5,342,920
Washington.....	1,003,420	2,072,580	3,651,294
West Virginia.....	877,763	1,351,071	2,321,503
Wisconsin.....	659,962	2,839,442	5,064,673
Wyoming.....	259,822	414,036	594,482
District of Columbia.....	74,267	661,652	1,050,857
American Samoa.....	.....	85,354	5,853,659
Canal Zone.....	.....	.....
Guam.....	.....	3,207,329	
Puerto Rico.....	.....	.....
Virgin Islands.....	.....	.....	.....

¹ Distribution of \$234,146,341 to the 50 States and the District of Columbia with a basic allotment of \$200,000 and the balance distributed 50 percent on the basis of 5 to 17 resident population, July 1, 1965, and 50 percent on the basis of total resident population, July 1, 1965; 2½ percent (\$5,853,659) of \$234,146,341 reserved for outlying areas.

470 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Title V—Grants to States for strengthening State departments of education; fiscal year 1966 actual obligations and fiscal years 1967 and 1968 allotment

State and outlying areas	1966 actual	1967 estimated allotment	1968 estimated allotment
Total.....	\$14, 450, 000	\$18, 700, 000	\$25, 287, 500
Alabama.....	279, 560	361, 015	498, 942
Alaska.....	112, 295	118, 744	128, 127
Arizona.....	180, 006	217, 266	275, 190
Arkansas.....	198, 097	241, 611	306, 145
California.....	1, 005, 831	1, 437, 553	2, 092, 128
Colorado.....	204, 123	252, 769	327, 866
Connecticut.....	222, 533	280, 390	372, 837
Delaware.....	122, 897	134, 066	151, 493
Florida.....	359, 113	483, 058	676, 047
Georgia.....	327, 963	431, 120	590, 823
Hawaii.....	134, 487	150, 904	175, 787
Idaho.....	137, 740	154, 511	179, 782
Illinois.....	558, 577	755, 185	1, 087, 053
Indiana.....	340, 696	452, 975	627, 952
Iowa.....	235, 737	296, 258	390, 865
Kansas.....	199, 300	259, 100	335, 771
Kentucky.....	245, 145	308, 713	408, 319
Louisiana.....	272, 012	351, 879	475, 145
Maine.....	147, 726	169, 830	201, 484
Maryland.....	260, 967	339, 343	461, 557
Massachusetts.....	317, 262	420, 266	595, 136
Michigan.....	519, 753	719, 819	1, 021, 117
Minnesota.....	272, 402	353, 642	481, 766
Mississippi.....	226, 641	283, 476	365, 350
Missouri.....	307, 470	402, 645	540, 595
Montana.....	136, 086	152, 336	176, 790
Nebraska.....	169, 432	200, 033	245, 742
Nevada.....	121, 835	133, 251	149, 242
New Hampshire.....	127, 428	140, 440	161, 121
New Jersey.....	374, 591	503, 589	706, 154
New Mexico.....	156, 933	184, 013	223, 682
New York.....	784, 668	1, 101, 390	1, 585, 078
North Carolina.....	357, 833	470, 811	641, 100
North Dakota.....	132, 298	146, 721	167, 461
Ohio.....	587, 904	812, 434	1, 160, 535
Oklahoma.....	231, 267	283, 311	373, 545
Oregon.....	196, 453	240, 762	316, 799
Pennsylvania.....	584, 002	787, 239	1, 110, 940
Rhode Island.....	132, 970	148, 487	173, 001
South Carolina.....	238, 401	300, 222	393, 663
South Dakota.....	135, 890	151, 982	176, 734
Tennessee.....	289, 119	373, 661	499, 669
Texas.....	639, 131	890, 024	1, 271, 662
Utah.....	161, 834	189, 883	233, 404
Vermont.....	117, 932	126, 442	140, 044
Virginia.....	311, 987	409, 477	558, 526
Washington.....	257, 209	327, 026	444, 250
West Virginia.....	195, 376	234, 491	292, 435
Wisconsin.....	281, 896	369, 614	507, 045
Wyoming.....	119, 258	127, 086	138, 816
District of Columbia.....	130, 934	145, 197	167, 035
American Samoa.....	41, 339	374, 000	505, 750
Canal Zone.....			
Guam.....	43, 220		
Puerto Rico.....	162, 621		
Virgin Islands.....	41, 820		

Title III—National defense educational activities grants to States for equipment and minor remodeling; fiscal year 1966 actual obligations and fiscal year 1967 and 1968 allotment

State and outlying areas	1966 actual	1967 estimated allotment	1968 estimated allotment ¹
Total	\$79,086,908	\$79,200,000	\$47,000,000
Alabama	1,630,242	2,014,582	1,189,064
Alaska	97,911	98,239	65,229
Arizona	822,672	798,891	480,225
Arkansas	1,089,336	1,069,262	619,844
California	5,368,580	5,281,072	3,268,544
Colorado	847,774	814,942	503,768
Connecticut	710,910	723,588	445,581
Delaware	146,662	141,621	101,336
Florida	2,402,949	2,340,475	1,404,946
Georgia	2,543,469	2,439,089	1,396,473
Hawaii	338,301	323,179	185,088
Idaho	403,494	393,520	223,498
Illinois	3,155,791	3,070,632	1,894,585
Indiana	2,158,431	2,081,955	1,206,438
Iowa	1,247,039	1,219,629	700,768
Kansas	1,007,143	963,725	557,143
Kentucky	1,772,208	1,751,078	998,297
Louisiana	1,290,844	2,102,814	1,245,381
Maine	480,364	475,510	277,062
Maryland	1,301,300	1,306,913	808,681
Massachusetts	1,589,292	1,520,775	963,166
Michigan	3,757,794	3,645,951	2,101,272
Minnesota	1,710,348	1,647,838	973,328
Mississippi	800,000	1,413,779	824,814
Missouri	1,599,030	1,617,898	1,016,477
Montana	364,092	356,982	210,548
Nebraska	630,155	619,939	366,702
Nevada	106,673	110,269	71,466
New Hampshire	274,771	275,963	162,618
New Jersey	1,861,207	1,807,813	1,110,853
New Mexico	644,759	634,140	370,823
New York	4,532,964	4,373,027	2,605,549
North Carolina	2,920,099	2,779,286	1,598,402
North Dakota	376,649	360,193	211,545
Ohio	4,351,752	4,224,670	2,529,106
Oklahoma	1,165,720	1,137,986	643,604
Oregon	817,301	783,647	461,897
Pennsylvania	4,401,836	4,219,562	2,501,903
Rhode Island	351,335	307,652	177,793
South Carolina	1,577,873	1,541,924	901,368
South Dakota	388,225	378,746	223,951
Tennessee	2,075,005	2,059,265	1,185,332
Texas	5,467,865	5,274,748	3,144,414
Utah	587,336	579,906	347,689
Vermont	205,908	190,750	115,141
Virginia	1,867,597	2,137,843	1,223,553
Washington	1,255,361	1,191,013	682,333
West Virginia	1,487,914	1,007,223	575,301
Wisconsin	1,884,755	1,817,524	1,072,212
Wyoming	165,568	156,540	93,554
District of Columbia	175,294	176,432	106,790
American Samoa			50,000
Canal Zone			50,000
Guam	22,010	1,440,000	50,000
Puerto Rico	775,000		654,545
Virgin Islands	80,000		50,000

¹ Distribution on the basis of State products of (1) NDEA allotment ratios for fiscal year 1968 and fiscal year 1969, with limits of 33½ percent and 66½ percent, and (2) estimated 5-17 population, July 1, 1965. Distribution to outlying areas made on basis of 5-17 population July 1, 1965 with a minimum of \$50,000.

INCREASE REQUESTED

Senator HILL. Now, Mr. Estes.

Mr. ESTES. Yes, sir.

Mr. Chairman and members of the committee: I am pleased to have this opportunity to appear before you in support of the President's 1968 request of \$1,692 million for elementary and secondary activities carried out by this Bureau. This is an increase of about \$227 million which is being requested mostly for titles I and III of Public Law 89-10, of the Elementary and Secondary Act of 1965 which was amended by Public Law 89-750 in 1966.

ASSISTANCE FOR EDUCATIONALLY DEPRIVED CHILDREN

The largest portion of the funds requested is for the title I program which is designed to overcome the educational deprivation of millions of children from poverty homes. The 1966 amendments extended the program to Indian children, children of migratory agricultural workers, and delinquent and neglected children.

Senator HILL. Let me ask this question. How many children do you estimate?

Mr. ESTES. 170,000. This is an estimate that we got from the Department of Labor based on the number of migrant workers that registered with their Department.

Senator HILL. How many Indian children?

Mr. ESTES. We estimate 50,000 Indian children.

Senator HILL. How many delinquent and neglected children?

Mr. ESTES. About 105,000, according to our estimates.

Senator HILL. There weren't so many Indian children, then.

Mr. ESTES. We are talking about Indian children who are in schools operated by the Bureau of Indian Affairs. There are a number of Indian children in our regular public schools.

Senator HILL. This is only limited to the schools operated by the Bureau of Indian Affairs?

Mr. ESTES. Yes, sir.

Senator HILL. Proceed.

FORMULA FOR DETERMINING ALLOCATION TO SCHOOL DISTRICTS

Mr. ESTES. For fiscal year 1968, the formula for determining the maximum allocation to each local school district provides for a change in the low-income factor from \$2,000 to \$3,000, updating the data on children in families receiving public assistance, and the use of the national average per pupil expenditure rate for those States whose per pupil expenditure rate is less than the national average.

Senator HILL. That low-income change to \$3,000 makes quite a difference.

Mr. ESTES. Yes, sir; it does, especially in the aid for dependent children data. It extends the benefit of this program to quite a few additional pupils, during the 1968 fiscal year.

CHILDREN BENEFITING FROM PROGRAM

During 1967, school districts are continuing those projects which were successful in 1966 and initiating new projects especially designed

to meet the needs of these educationally deprived children. In 1966, 8.3 million children benefited from the program. An estimated 9 million children will have benefited from title I throughout fiscal year 1967. The program will serve about 9,500,000 children in 1968.

For the most part, participation of private-school children in the program has occurred rather smoothly although the number of such children has not been as large as was hoped for. Emphasis will continue to be given to programs for preschool children and improving communication skills of children in the early elementary grades.

SPECIAL PROGRAMS

PROGRAMS FOR CHILDREN OF MIGRANT AGRICULTURAL WORKERS

Programs to aid an estimated 170,000 children of migratory farm-workers are being implemented in 1967 on a pilot or experimental nature for both interstate and intrastate programs. By fiscal year 1968, these programs will shift from the pilot or experimental nature to full-scale programs.

PROGRAMS FOR NEGLECTED AND DELINQUENT CHILDREN

Special programs are being developed for the first time in 1967 to aid in the education of about 105,000 neglected and delinquent children attending State-operated institutions and public schools in local school districts. These programs will focus upon the need to train teachers to understand the complex individual problems of such children and coordinating the efforts of teachers with parents, psychologists, psychiatrists, social workers, and heads of community agencies to provide the various kinds of special treatments needed by the children.

INDIAN CHILDREN IN BUREAU OF INDIAN AFFAIRS SCHOOLS

During 1967, title I programs are being implemented in 270 Bureau of Indian Affairs schools serving 50,000 Indian children. These projects stress the intensive teaching of English as a second language, counseling and guidance services, and a variety of remedial courses to increase academic achievement.

Senator HILL. You speak of remedial courses. Give me an illustration.

Mr. ESTES. A remedial course in basic reading would be a program designed to assist that child who is underachieving in reading to achieve up to his grade level or his ability level.

Special programs are designed to encourage seventh and eighth graders to continue their education through the college level. Special efforts are also made to develop preschool programs. The authorization for this amendment expires June 30, 1967. The budget estimate is based on the assumption that legislation will be enacted to extend the program through 1968.

OUTLOOK FOR 1968

Our request for \$1,200 million will continue the present level of funding for most of the programs carried on in 1967 and will permit the establishment of some new programs and the expansion of many existing programs with the increase of nearly \$147 million being re-

quested. The appropriation language for 1968 provides that the aggregate amounts available within States shall not be less than the amounts allocated to local education agencies in 1967.

The evaluation of the 1966 and 1967 programs will give local school officials a much clearer picture of the most effective projects for improving the educational achievement of disadvantaged children. The resulting higher program quality will assure that previous gains in educational achievement will not be lost and that more substantial gains will be realized during 1968.

SUPPLEMENTARY EDUCATIONAL CENTERS AND SERVICES

Title III of the Elementary and Secondary Education Act provides grants to local educational agencies to afford them the opportunity to create an awareness of new educational ideas, to translate into practice the latest knowledge about teaching and learning, and to introduce these new ideas and practices as high-quality services through supplementary centers.

Projects which offer the greatest promise of advancing education and solving persistent problems are given top priority. Educators have unusual opportunities through this program to examine the special needs of children in public and private schools and to use modern learning theory, technological developments, and research findings to design new practices and programs to advance the quality of education.

In approving proposals, the Office of Education receives the benefit of recommendations by State departments of education on proposals from their States, evaluations by experts from outside the Office of Education and recommendations from a statutory advisory committee of outstanding educators, scholars, and community leaders. This process helps to insure the funding of quality projects.

Title III projects represent a variety of new approaches to meeting persistent educational needs. The flexibility of the program is shown by the diversity of supplementary educational centers now being planned or operated. Centers are providing intensive pupil personnel services, compensatory education, teacher inservice training, curriculum development and testing, instructional media, data processing facilities, and information storage and retrieval systems.

A broad base of community support and the marshaling of community resources is being assured by the involvement of agencies outside the schools in the planning and conducting of title III projects.

TYPE OF PROJECTS APPROVED

Typical of the projects approved under title III, ESEA are the following:

1. Mobile clinics that provide supplementary diagnostic, consultative, and therapy services to schoolchildren who are severely socially and emotionally disturbed;
2. A multidiscipline educational center for individualizing instruction and providing inservice education in the use of new media and materials;
3. A cultural center for the performing arts for children in rural areas; and

4. A regional computer center, which uses the computer as an instructional tool in all curriculum areas and as an administrative tool for a local information system.

EDUCATIONAL TV

Senator HILL. Thinking about this, how much is educational TV doing?

Mr. ESTES. In my opinion instructional TV has only scratched the surface as it relates to improving the quality of education in our schools. I believe the programs that we have developed thus far leave much to be desired in this particular program.

While we have placed low priority on the purchase of equipment such as transmitting facilities, we do place higher priority on creative programs to solve some of the persistent problems in this area.

Mr. HOWE. Senator, I might add to that, as you know, I am sure, the President has announced a program for educational TV.

Senator HILL. Yes; I know that. That is the reason I asked my question.

Mr. HOWE. Most of this new program has to do with home consumption television. We are planning to mount through the Office of Education a major study of instructional TV for use in the classroom during the coming year.

Senator HILL. As you say, it is not used much in the classroom today, is it?

Mr. HOWE. It is used some but not as much as it might be.

Senator HILL. All right, sir.

RESPONSE TO PROGRAM

Mr. ESTES. Response to this program has been exceptional. In the first 2 years of operation, some 4,500 proposals have been received and about 2,300 will have been funded by the end of the fiscal year 1967.

While the \$240 million requested in 1968 is an increase of \$105,000 over the 1967 appropriation, a very sizable amount of the total request, about 206.6 million, will be necessary in fiscal year 1968 as continuation costs for projects already in operation from funding in the first 2 years. The other \$33.4 million of the budget request will be to fund about 400 new projects to be approved in fiscal year 1968. Included in these 400 new projects will be some 300 projects to begin their operational phase as the result of prior planning projects representing an investment of \$16.5 million.

Senator HILL. In other words, the planning has already been done for 300 projects?

Mr. ESTES. That is right. These projects we would expect to begin operation during fiscal year 1968.

TITLE V GRANTS

The optimal success in improving elementary and secondary education depends upon strong State departments of education. Title V of the Elementary and Secondary Education Act provides formula grants to States to strengthen these agencies and their leadership capabilities. Another important part of title V is the special project grants which are geared to solving problems common to all or several State departments.

The 55 State departments of education have taken full advantage of title V to provide leadership to local education agencies in improvement of instruction, study, planning, developing, and evaluating education programs, and research coordination.

A third substantive part of title V relates to interchange of personnel between the Office of Education and State departments of education which is proving to be quite successful. To date, we have had interchanges involving 21 State departments of education or State universities.

Amounts for grants for State statistical services—\$2,250,000—and for improving State agency supervisory services—\$5,500,000—are included in the request for title V. This will allow a concentration of resources in areas of greatest need at the State level. Accordingly, to the extent that a State educational agency desires to continue, in fiscal year 1968, operations formerly funded under either title X or title III of the National Defense Education Act, the State agency may do so through a project proposal approved and funded under title V, of the Elementary and Secondary Education Act.

The request of \$29,750,000 for 1968 will allow the activities funded under title V to continue at the same level of operation as fiscal year 1967.

ACQUISITION OF EQUIPMENT AND MINOR REMODELING

Title III of the National Defense Education Act authorizes matching grants to States and loans to private, nonprofit schools for the acquisition of instructional equipment, materials, and minor remodeling to improve teaching in 10 critical subjects. The great majority of the Nation's public schools, with an estimated 1968 enrollment of over 43.8 million students, participate in this program.

DECREASE BELOW 1967 APPROPRIATION

In 1968, \$50 million is requested for this program: \$47 million for acquisition grants to States; \$2 million for grants to States for administration of the program; and \$1 million for loans to private schools. This is a decrease of \$32,700,000 below the 1967 appropriation.

Senator HILL. We increased it quite a bit last year.

Mr. ESTES. I believe you maintained it at the same level as the previous year.

Mr. KARSH. The increase was over our request to Congress.

Senator HILL. There was a \$25 million increase, as I recall.

Mr. KARSH. It was above our request.

Senator HILL. We increased it above the estimate; isn't that right?

Mr. KARSH. Yes, sir.

REASON FOR DECREASE

Senator HILL. Why such a decrease this year?

Mr. ESTES. As I go on to say, this decrease is more than offset by funds available under title I and other ESE programs which do not require State matching. Moreover, in a year of limited resources, priority has been given to training of people and provision of services rather than construction of facilities and acquisition of equipment.

Senator HILL. I come from a relatively low-income State, as you know, but the Good Book tells us, "Where your treasure is, there your heart is also."

I have always felt that some matching is a good principle.

Do you agree with that?

Mr. ESTES. Having served as assistant superintendent of schools in Chattanooga, Tenn., I am well aware of some of the problems in that area. We found that as we attempted to use our NDEA III money we slighted those programs for which matching money was not available.

ADVANTAGE OF NONMATCHING FUNDS

We tended to emphasize those programs where we could get Federal money. As a result, we had an imbalance in our program. For this reason, I guess as an educator I would have to say that non-matching funds make for a better balance in your curriculum and an overall improvement in quality.

Senator HILL. Because of the fact you just stated, the State naturally will go where it can get the most money.

Mr. ESTES. That is right. But, you see, grants which do not require matching make it possible for a local school district to assess its needs and assign priorities and use the money where the need is greatest for that local district and not necessarily in the area of the categorical aid.

Senator HILL. How long were you assistant superintendent in Tennessee?

Mr. ESTES. Three years, from 1959 to 1962.

Senator HILL. Were you in Nashville?

Mr. ESTES. No; in Chattanooga.

Senator HILL. Is Fort Oglethorpe still there?

Mr. ESTES. It is still there.

Senator HILL. That is where I trained for the war to end all wars. We have had three since then. But it is still there, though?

Mr. ESTES. Yes, sir; it is.

Senator HILL. Go ahead, Sir.

INSTITUTES FOR ADVANCED STUDY

Mr. ESTES. Title XI of the National Defense Education Act authorizes the support of short-term or regular session institutes for advanced study for elementary and secondary school teachers in such areas as history, geography, economics, civics, English, English as a foreign language, modern foreign languages, reading, industrial arts, educational media and the teaching of disadvantaged youth. An appropriation of \$35,500,000, an increase of \$5,500,000, is requested for fiscal year 1968. This would support about 20 academic year sessions and 520 short-term or part-time institutes for approximately 21,000 participants.

SCHOOL LIBRARY RESOURCES, TEXTBOOKS, AND OTHER INSTRUCTIONAL MATERIALS

For 1968, \$105 million is requested, an increase of \$3 million, for title II of the Elementary and Secondary Education Act to provide nonmatching grants to the States for the acquisition of school library resources, textbooks, and other instructional material for use by children and teachers in public and private schools. In 1966, \$69 million was used for the acquisition of books and \$20 million for audiovisual

materials. Similar amounts will be spent in 1967. The increase in 1968 will provide for a modest growth in program impact and additional funds for administrative costs which have become a heavy burden to States and localities under this program.

GUIDANCE, COUNSELING, AND TESTING

There are no increases proposed for title V of the National Defense Education Act which provides matching grants to States for establishing, maintaining, and improving guidance and counseling and testing programs in public elementary and secondary schools, junior colleges, and technical institutions, and for institutes to provide advanced study to improve the qualifications of individuals who are concerned with the guidance and counseling of students in these schools.

These counseling and guidance programs will be maintained at the 1967 level.

ALLOCATION TO LIBRARY OF CONGRESS

Senator HILL. Let me ask you a question on title II. What is your allocation to the Library of Congress?

Mr. KARSH. That authorization is in the Higher Education Act. This year we have provided \$3 million to the Library of Congress.

Senator HILL. Three million dollars under the Higher Education Act.

Mr. CARDWELL. That will be discussed under the Library appropriation which will come up later.

Mr. HOWE. We are requesting \$4 million, an increase of \$1 million over 1967.

Mr. CARDWELL. The authorization for 1968 is \$7,770,000.

Senator HILL. All right, Doctor.

SUMMARY

Mr. ESTES. In summary, Mr. Chairman, we feel that the amounts requested for 1968 will allow activities in elementary and secondary education to maintain the level of achievements gained thus far, and to make modest advances in solving the complex problems of education that face us today.

I will be happy to answer any questions about these programs that the committee may have.

INCREASE IN ELEMENTARY AND SECONDARY SCHOOL ENROLLMENT

Senator HILL. You may not have these figures offhand, but you can supply them for the record.

How does the number of children in elementary and secondary schools today compare with what we had, say, 10 years ago?

Mr. ESTES. I do not have those figures offhand. We will be delighted to supply them for the record.

Senator HILL. This has been a very considerable increase, do you think?

Mr. HOWE. Yes; there has been a considerable increase.

Mr. ESTES. A sizable increase over the last 10 years. We anticipate in the next 10 years there will tend to be a slowing down of the in-

crease. That is, we will not increase as rapidly as we have in the last 10 years.

Mr. HOWE. The increase comes from two sources, Mr. Chairman. Besides the added numbers of pupils is the fact that pupils are staying in school longer.

Senator HILL. Those that dropped out?

Mr. HOWE. The percentage of dropouts is gradually moving downward.

Senator HILL. You can supply those figures for the record, Doctor?

Mr. ESTES. Yes, sir.

(The information follows:)

NUMBER OF CHILDREN ENROLLED IN ELEMENTARY AND SECONDARY PUBLIC AND NONPUBLIC SCHOOLS TODAY COMPARED WITH NUMBER OF CHILDREN ENROLLED 10 YEARS AGO

Elementary and secondary public school enrollment, grades kindergarten through 12:

Fall 1965	42, 144, 000
Fall 1955	30, 680, 000
Difference	+11, 464, 000

Elementary and secondary nonpublic school enrollment, grades kindergarten through 12:

Fall 1965	6, 600, 000
Fall 1955	4, 600, 000
Difference	+2, 000, 000

Senator HILL. Is there anything else you would like to add?

Mr. ESTES. I believe not, sir.

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

STATEMENTS OF B. ALDEN LILLYWHITE, DIRECTOR, DIVISION OF SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS; HAROLD HOWE II, COMMISSIONER OF EDUCATION; NOLAN ESTES; ASSOCIATED COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION; IRWIN KIRK, EXECUTIVE OFFICER, ELEMENTARY AND SECONDARY EDUCATION; NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOE G. KEEN, BUDGET OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

“[PAYMENTS TO SCHOOL DISTRICTS]

“SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

“For grants and payments under the Act of September 30, 1950, as amended (20 U.S.C., ch. 13), and under the Act of September 23, 1950, as amended (20 U.S.C., ch. 19) \$439,137,000, of which \$416,200,000 shall be for payments to local educational agencies for the maintenance and operation of schools as authorized by the Act of September 30, 1950, as amended (20 U.S.C., ch. 13), and \$22,937,000, which shall remain available until expended, shall be for providing school facilities and for grants to local educational agencies in federally affected areas as authorized by said Act of September 23, 1950: *Provided*, That this appropriation shall also be available for carrying out the provisions of section 6 of the Act of September 30, 1950: *Provided further*, That applications filed on or before June 30, 1967, shall receive priority over applications filed after such date. **[\$416,200,000: *Provided*, That this appropriation shall also be available for carrying out the provisions of section 6 of such Act: *Provided further*, That no part of this appropriation shall be available to carry out the provisions of legislation enacted after June 30, 1966.]**

“[ASSISTANCE FOR SCHOOL CONSTRUCTION]

“**[For an additional amount for providing school facilities and for grants to local educational agencies in federally affected areas, as authorized by the Act of September 23, 1950, as amended (20 U.S.C., ch. 19), including not to exceed \$620,000 for necessary expenses during the current fiscal year of technical services rendered by other agencies, \$22,937,000, to remain available until expended: *Provided*, That no part of this appropriation shall be available for salaries or other direct expenses of the Department of Health, Education, and Welfare: *Provided further*, That applications filed on or before June 30, 1966, shall receive priority over applications filed after such date.]**”

EXPLANATION OF LANGUAGE CHANGES

The proposed appropriation language will provide for amending the “Payments to School Districts” appropriation Act language to consolidate into one appropriation account the two programs of school assistance in federally affected areas. The program of school construction under Public Law 815, funded under “Assistance for School Construction” will now be added to the “Payments to School Districts” and the title of this proposed new appropriation will be “School Assistance in Federally Affected Areas”.

The new language incorporates the basic provisions in the previous languages, with the exception of the following :

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(1) Deletion of the provision "That no part of this appropriation shall be available to carry out the provisions of legislation enacted after June 30, 1966" is requested. The Senate included this proviso in the appropriation language for Public Law 874 in fiscal year 1967 to assure that the substantive and technical changes in the program resulting from the Elementary and Secondary Education Amendments of 1966 would not be funded under that appropriation and that any additional funds required for the new legislation would be requested and considered separately.

(2) Elimination of the words "rendered by other agencies" is proposed since it is anticipated that the responsibility for technical architectural and engineering services under the school construction program will have been transferred from the Department of Housing and Urban Development to the Office of Education by June 30, 1967.

Amounts available for obligation

	1967	1968
Appropriation:		
"School assistance in federally affected areas".....	\$416, 200, 000	\$439, 137, 000
"Assistance for school construction".....	22, 937, 000	-----
Total appropriation.....	439, 317, 000	439, 137, 000
Unobligated balance brought forward.....	31, 626, 000	-----
Unobligated balance lapsing.....	-9, 000 000	-----
Total obligations.....	461, 763, 000	439, 137, 000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Maintenance and operations:						
(a) Payments to local educational agencies.....	-----	\$382, 700, 000	-----	\$389, 200, 000	-----	\$6, 500, 000
(b) Payments to other Federal agencies.....	-----	24, 500, 000	-----	27, 000, 000	-----	2, 500, 000
Construction:						
(a) Assistance to local educational agencies.....	-----	32, 502, 000	-----	12, 317, 000	-----	-20, 185, 000
(b) Assistance for school construction on Federal properties.....	-----	21, 441, 000	-----	10, 000, 000	-----	-11, 441, 000
(c) Technical services.....	60	620, 000	60	620, 000	-----	-----
Total obligations.....	60	461, 763, 000	60	439, 137, 000	-----	-22, 626, 000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	60	60	-----
Full-time equivalent of all other positions.....	1	1	-----
Average number of all employees.....	52	53	1
11 Personnel compensation:			
Permanent positions.....	\$508, 000	\$510, 000	+\$2, 000
Positions other than permanent.....	9, 000	9, 000	-----
Total personnel compensation.....	517, 000	519, 000	+2, 000
12 Personnel benefits.....	38, 000	39, 000	+1, 000
21 Travel and transportation of persons.....	26, 000	26, 000	-----
22 Transportation of things.....	1, 000	1, 000	-----
23 Rent, communications, and utilities.....	20, 000	19, 000	-1, 000
24 Printing and reproduction.....	6, 000	5, 000	-1, 000
25 Other services.....	45, 948, 000	27, 005, 000	-18, 943, 000
26 Supplies and materials.....	3, 000	4, 000	+1, 000
31 Equipment.....	2, 000	2, 000	-----
32 Lands and structures.....	-----	10, 000, 000	+10, 000, 000
41 Grants, subsidies, and contributions.....	415, 202, 000	401, 517, 000	-13, 685, 000
Total obligations by object.....	461, 763, 000	439, 137, 000	-22, 626, 000

Summary of changes

1967 enacted appropriation-----	\$439,137,000
1968 estimated appropriation-----	439,137,000
Total change-----	

	Base		Changes from base	
	Positions	Amount	Positions	Amount
Increases: A. Built-in (1), maintenance and operations, payments to other Federal agencies-----		\$24,500,000		+\$2,500,000
Decreases: A. Built-in (1), maintenance and operations, payments to local educational agencies-----		391,700,000		-2,500,000
Total net change requested-----				

EXPLANATION OF CHANGES

The statute requires that when funds appropriated for a year are not sufficient to pay entitlements in full, the amounts available shall be prorated equally among all applicant districts after first funding in full the requirements for Federal operation under Section 6 of the Act.

	Estimate to Bureau of Budget	Budget estimate to Congress	House allowance	Senate allowance	Appropriation
1958-----	225,800,000	225,800,000	225,600,000	225,700,000	225,650,000
1959-----	206,835,000	210,700,000	245,350,000	262,662,000	232,762,000
1960-----	180,800,000	180,800,000	233,422,000	247,435,000	247,435,000
1961-----	272,427,000	171,085,000	280,692,000	280,692,000	280,692,000
1962-----	311,988,000	260,550,000	311,550,000	311,988,000	308,942,000
1963-----	287,363,000	287,338,000	346,008,000	346,008,000	346,008,000
1964-----	381,076,000	381,076,000	344,410,000	344,410,000	344,410,000
1965-----	417,850,000	417,850,000	417,850,000	390,400,000	390,400,000
1966-----	423,261,000	397,190,000	438,078,000	438,078,000	438,078,000
1967-----	273,937,000	206,337,000	439,137,000	439,137,000	439,137,000
1968-----	466,200,000	439,137,000			

¹ No budget estimate submitted for supplemental appropriations of \$20,000,000 and \$7,362,000.

² Supplemental estimates of \$149,700,000 and \$7,362,000 and \$60,150,000 not considered by the House.

³ Supplemental estimates of \$129,300,000 and \$20,700,000 not considered by the House.

NOTE.—In order to reflect comparability with the 1968 estimate, the amounts for 1958 through 1967 include activities previously funded under "Payment to school districts" and "Assistance for school construction."

	1967 estimate	1968 estimate	Increase or decrease
1. Maintenance and operations:			
(a) Payments to local educational agencies-----	\$391,700,000	\$389,200,000	-\$2,500,000
(b) Payments to other Federal agencies-----	24,500,000	27,000,000	+\$2,500,000
Total-----	416,200,000	416,200,000	

JUSTIFICATION OF ESTIMATE

Titles I and III of Public Law 81-874, as amended, authorize financial assistance to local school districts for the maintenance and operation of schools in areas where enrollments are affected by Federal activities. Under current legislation payments are made to those eligible school districts which provide free public education for the following categories of children; those who live on Federal property with a parent employed on Federal property (Section 3(a)); those who either live on Federal property or live with a parent employed on Federal property, but not both (Section 3(b)); and to those school districts having a substantial increase in school enrollment resulting from Federal con-

tract activities with private companies (Section 4). Where no State or local educational agency is able, because of State law or for other reasons, to provide suitable free public education to children who live on Federal property, the Commissioner is required to make arrangements for this education (Section 6). Authority to make payments for children under Section 3(b) and Section 4 are temporary and will expire June 30, 1968.

A local school district is eligible for payment for all of its Section 3(a) and 3(b) children if they amount to at least 10 in number and 3 percent of the district's total number of children in average daily attendance during the year or 400 children whichever is lower. For Section 3(a) children, a rate of payment per child is the highest of the local contribution rate, one-half of the national average per pupil cost, or one-half of the State average per pupil cost. For Section 3(b) children, the rate of payment per child is 50 percent of the rate paid for the Section 3(a) children. Under Section 6, Federal funds pay the full cost per child. The local contribution rate is the expenditure per child from local revenue sources in the second preceding year in comparable districts in the same State.

The requested amount of \$416,200,000 is expected to pay eligible school districts about 90 percent of full entitlements for fiscal year 1968. Full funding in 1968 under present legislative provisions would require an estimated \$461,500,000. P.L. 89-750 enacted November 3, 1966 reduces eligibility requirements from 3 percent to 3 percent or 400 federally connected children in average daily attendance whichever is lower. A provision in the act appropriating funds for fiscal year 1967, P.L. 89-787 approved November 7, 1966, prohibited the use of any of the appropriation for the school districts made eligible by the reduced eligibility requirement.

Other amendments made by P.L. 89-750 which affect program costs are as follows:

1. Count all public school children of members of the uniformed services, regardless of whether or not the parent is employed on Federal property. The estimated increase in cost is \$2,000,000.

2. Taxes and other Federal payments as defined in the act will be deducted from gross entitlements on the same basis. Districts are prohibited from avoiding the deduction by not making such funds available for current operating expenses and no deduction is made for amounts under \$1,000. The estimated increase in cost is \$400,000.

3. Districts are prohibited from claiming as Federal property for purposes of eligibility and entitlement any property on which the children reside for whom the State refuses to provide free public education. This will result in an estimated decrease in cost in fiscal year 1969.

4. Federal non-housing property is counted as Federal for the purposes of the act one year after the end of the year in which it is sold or transferred. The estimated increase in cost is \$500,000.

5. The prohibition against counting as Federal property for purposes of the act Federal property used by the United States primarily to provide a local service or benefit to the locality in which it is situated was eliminated. The estimated increase is \$300,000.

The statute requires that when funds appropriated for a year are not sufficient to pay entitlements in full the amounts available shall be prorated equally among all applicant districts after first funding in full the requirements for Federal operation under Section 6 of the Act. The estimated amount required for Federal operation is \$27 million. The remaining \$389.2 million will pay each eligible district about 90 percent of full entitlements.

The amount of \$416,200,000 is requested for appropriation in the 1968 fiscal year rather than the \$461 million needed to pay full entitlements because it is felt that a reduction of 10 percent in the entitlement for each district will not under existing circumstances be an undue hardship on any district. This is the same amount appropriated for fiscal year 1967 and most school districts will receive as much or almost as much this year as they will receive for the current year. In addition, most of these districts will be able, because of the amendments to this act, to count for eligibility and payment some additional categories of children which could not be counted prior to this year. Finally, other Federal aid programs, while not designed specifically to meet the Federal impact problem, also will provide substantial assistance to many of these same districts.

Table I following shows the basis of eligibility, the number of federally connected children, the rates of payment per child, and selected program data for fiscal years 1966, 1967 and 1968. Table II summarizes the estimated distribution by State, of funds required for fiscal years 1966, 1967, and 1968 under present provisions, with entitlements prorated to a maximum aggregate entitlement of \$416,200,000 for 1968.

TABLE I.—*Estimated requirements for payments to school districts, titles I and III, Public Law 874, as amended, fiscal years 1966, 1967, and 1968*

Section and basis of eligibility	1966 actual	1967 appropriation	1968 entitlement	1968 appropriation request
Sec. 2—School districts having partial loss of tax base by removal of real property from tax rolls through Federal acquisition.....	\$2,427,788	\$1,300,000	\$1,300,000	\$1,170,000
Sec. 3(a)—Children of parents who work on and reside on Federal property:				
ADA.....	323,794	347,770	370,840	-----
Rate.....	\$302.40	\$309.10	\$318.40	-----
Entitlement.....	\$97,917,377	\$107,496,000	\$118,075,000	\$106,267,000
Sec. 3(b)—Children of parents who either work on or reside on Federal property:				
ADA.....	1,790,451	1,983,700	2,140,000	-----
Rate.....	\$140.76	\$144.05	\$148.40	-----
Entitlement.....	\$252,030,495	\$285,752,000	\$317,576,000	\$284,409,000
Sec. 3(f)—School districts eligible to receive amount to which they would have been entitled before reduction of federally connected children by cessation or decrease of Federal activity.....	\$479,185	\$252,000	\$249,000	\$224,000
Sec. 3(c)(4)—Provides special deficit rate of payment when 50 percent or more of children reside on Federal property.....	264,672	100,000	100,000	90,000
Deductions, 3(e)—Payments made with respect to Federal property pursuant to any law of the United States other than Public Law 874.....	−4,740,707	−4,800,000	−4,400,000	−4,400,000
Net sec. 3 entitlement.....	345,508,235	388,800,000	431,600,000	386,590,000
Sec. 4—Sudden and substantial increase of children resulting from Federal activities carried on directly or through a contractor:				
1st year.....	2,200,502	1,500,000	1,500,000	1,350,000
2d year.....	74,349	100,000	100,000	90,000
Sec. 6—Arrangements with Federal agencies for educating certain children residing on Federal property.....	21,619,274	24,500,000	27,000,000	27,000,000
Sec. 302—Transfer of funds to Federal agencies for service provided to local educational agencies.....	11,993,618	2 0	2 0	2 0
Sec. 7—Natural disasters.....	11,993,618	2 0	2 0	2 0
Total requirements.....	³ 383,821,837	416,200,000	461,500,000	416,200,000
Net deficit for payment of 100 percent of entitlements under appropriation of \$416,200,000.....	(⁴)	0	\$45,300,000	0
Percent of entitlements payable under appropriation of \$416,200,000.....	(⁴)	100	100	90
Estimated number of eligible school districts and Federal agencies.....	4,100	4,200	4,263	4,263
Total number of federally connected children ⁵	2,162,559	2,382,470	2,563,840	2,563,840

¹ Including \$442,787 subsec. 3(c)(2)(b) reduction.

² Requirements are unpredictable. They are payable out of regular appropriation, subject to replacement by supplemental appropriations as needed.

³ Including \$1,929 reduction for pennies dropped for payment purposes.

⁴ Not available.

⁵ Including children under sec. 6.

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TABLE II.—*State allocations, titles I and III, Public Law 874, as amended, fiscal years 1966, 1967, and 1968*

State or territory	1966 actual	1967 without Public Law 89-750	1968 with Public Law 89-750
Total.....	\$383,821,839	\$416,200,000	\$416,200,000
Alabama.....	7,948,289	9,386,000	9,397,563
Alaska.....	10,618,955	11,005,000	10,313,509
Arizona.....	6,279,618	6,981,000	6,640,806
Arkansas.....	1,935,835	2,152,000	2,063,918
California.....	62,493,835	68,470,000	64,422,701
Colorado.....	10,439,113	11,605,000	10,872,052
Connecticut.....	2,542,384	2,826,000	2,764,305
Delaware.....	1,320,763	2,538,000	2,423,540
District of Columbia.....	4,654,426	5,174,000	4,879,220
Florida.....	13,107,638	14,140,000	13,657,678
Georgia.....	11,940,180	13,701,000	12,825,651
Hawaii.....	7,207,174	7,712,000	7,244,560
Idaho.....	2,409,834	2,679,000	2,554,706
Illinois.....	6,588,673	6,824,000	10,547,661
Indiana.....	2,497,073	2,776,000	3,210,948
Iowa.....	1,438,764	1,599,000	1,888,359
Kansas.....	6,712,880	6,962,000	6,546,163
Kentucky.....	5,920,346	6,511,000	6,125,736
Louisiana.....	2,459,763	2,748,000	3,164,218
Maine.....	2,658,218	2,955,000	2,811,827
Maryland.....	18,731,890	20,824,000	19,805,272
Massachusetts.....	10,223,336	11,599,000	10,961,382
Michigan.....	3,174,992	3,330,000	5,263,038
Minnesota.....	961,080	1,068,000	1,802,555
Mississippi.....	2,409,029	2,678,000	2,618,023
Missouri.....	5,268,367	5,857,000	5,515,942
Montana.....	3,237,358	3,599,000	3,411,197
Nebraska.....	3,822,158	4,249,000	4,017,517
Nevada.....	2,717,953	3,021,000	2,872,633
New Hampshire.....	1,841,740	2,047,000	1,964,891
New Jersey.....	7,923,986	8,206,000	8,350,961
New Mexico.....	8,014,270	8,909,000	8,359,910
New York.....	9,126,389	17,759,000	22,196,154
North Carolina.....	8,726,452	9,149,000	9,612,828
North Dakota.....	2,350,999	2,614,000	2,493,032
Ohio.....	7,934,017	8,420,000	10,205,826
Oklahoma.....	9,503,911	10,065,000	9,437,039
Oregon.....	1,909,157	2,142,000	2,054,363
Pennsylvania.....	7,116,794	7,701,000	7,703,673
Rhode Island.....	2,558,066	2,844,000	2,787,040
South Carolina.....	6,337,444	7,184,000	6,993,765
South Dakota.....	3,459,765	3,846,000	3,641,390
Tennessee.....	4,417,438	4,911,000	5,193,215
Texas.....	20,985,966	22,829,000	22,085,545
Utah.....	4,540,353	5,047,000	4,760,215
Vermont.....	69,102	77,000	129,429
Virginia.....	24,690,581	27,478,000	25,721,138
Washington.....	11,153,018	11,898,000	11,145,677
West Virginia.....	162,587	181,000	491,614
Wisconsin.....	971,989	1,081,000	1,764,116
Wyoming.....	1,278,710	1,419,000	1,377,682
Guam.....	1,261,157	1,402,000	1,381,157
Puerto Rico.....	3,498,430	3,711,000	5,437,400
Virgin Islands.....	104,910	117,000	110,318
Wake Island.....	173,066	194,000	178,942
Disaster.....	11,993,618	(1)	(1)

¹ Entitlements are unpredictable; payable out of regular appropriation, subject to replacement by supplementals.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
2. Construction:						
(a) Assistance to local educational agencies		\$12,317,000		\$12,317,000		
(b) Assistance for school construction on Federal properties		10,000,000		10,000,000		
(c) Technical services:						
Personnel compensation and benefits	60	555,000	60	558,000		+\$3,000
Other expenses		65,000		62,000		3,000
Subtotal	60	620,000	60	620,000		
Total	60	22,937,000	60	22,937,000		

JUSTIFICATION OF ESTIMATE

Public Law 81-815, as amended, authorizes payments to assist local school districts in the construction of school facilities in areas where enrollments are swollen by Federal activities. Assistance is authorized to eligible school districts which provide free public education for the following categories of children: those who live on Federal property with a parent employed on Federal property (Section 5a(1)); those who either live on Federal property or live with a parent employed on Federal property (Section 5a(2)); and to those school districts having a substantial increase in school enrollment resulting from Federal contract activities with private companies (Section 5a(3)). The Commissioner is required to provide school facilities for children residing on Federal property where no State or local educational agency is able, because of State law or for other reasons, to provide suitable free public education for such children under Section 10. Funds also are provided under Section 14 to school districts which provide free public education for substantial numbers of children (mostly Indians) who reside on Federal property. Authority to make payments for children under Sections 5a(2) and 5a(3) are temporary and will expire June 30, 1967. Authority to make payments under Section 14 was made permanent last year.

For the past four or five years the requirements of this Act have been averaging around \$50 million a year when the temporary provisions were in effect and about \$23 million for the permanent provisions only. The minor technical amendments to the Act, enacted at the last session of Congress, increased the cost of the program to an estimated \$58 million a year when all provisions are in effect and to an estimated \$27.5 million a year for the permanent provisions of which about \$3 million is for Section 14.

When the appropriations request was made for this program last year the temporary provisions were due to expire June 30, 1966, and were not recommended for extension by the Administration. Accordingly, the appropriation request was for \$22,317,000 which was considered to be enough to finance the requirements of the permanent provisions. However, late in the session, Congress extended the temporary provisions for one year until June 30, 1967. Thus, the estimated requirements for the current year are \$58 million or about \$35 million more than has been appropriated.

The appropriation request for 1968 now before the Committee is \$22,937,000 which is the amount needed for the permanent provisions prior to last year's amendments. For the past several years appropriation language has required that funds appropriated for any year be used first for projects submitted but not funded in prior years. If the same language is included this year it is expected that the entire amount of \$22.9 million requested for the 1968 fiscal year will be used for applications submitted during the current year but not covered by the current year's appropriation.

It is felt that the request to appropriate funds only for the permanent provisions of the Act is justified under existing circumstances. Public Law 815 provides that when the appropriation available for any year is not sufficient for approval of all eligible projects the applications must be approved in order of relative urgency of need. The Act also provides that the requirements for Federal construction of schools for children living on Federal property must be met first before funds are made available for approval of projects for school districts.

These two provisions assure that when the appropriation is insufficient to meet the total requirements the funds available will be allocated to areas having the greatest need. The permanent provisions of the Act authorize grants for constructing facilities only for children living on Federal property. This is a type of Federal impact creating the most serious financial burden on local educational agencies.

The appropriation request for fiscal year 1968 now before the Committee, which is the same amount as was requested for 1967, is intended to meet only these most critical needs which generally are for children living on Federal property. Projects submitted by local educational agencies for construction of school facilities for other categories of federally connected children are not disqualified because the funds available in the fiscal year in which they were submitted are not enough for all projects filed during the year. They remain in the active file until reached on a later priority listing. Under present budgetary consideration it is felt that the request to fund only the requirements of the permanent provisions is justified.

TABLE I.—*Estimated data for school construction, by section, Public Law 815, as amended, fiscal years 1966, 1967, and 1968*

Section and basis of eligibility	1966 appropriation	1967 entitlement	1967 appropriation	1968 entitlement ¹	1968 appropriation request
5(a)(1)—Children of parents who work on and reside on Federal property:					
Children.....	8,100	8,870	8,000	9,100	6,400
Rate.....	\$1,445	\$1,500	\$1,500	\$1,520	\$1,520
Assistance.....	\$11,704,500	\$13,310,000	\$11,897,000	\$13,880,000	\$9,748,000
5(a)(2)—Children of parents who either work on or reside on Federal property:					
Children.....	28,136	37,800			
Rate.....	\$760	\$790	0	0	0
Assistance.....	\$21,383,100	\$29,820,000	0	0	0
5(a)(3)—Children of parents who represent an increase in Federal activity either directly or through a contractor:					
Children.....	600	500			
Rate.....	\$684	\$711	0	0	0
Assistance.....	\$410,400	\$350,000	0	0	0
Total, sec. 5.....	\$33,498,000	\$43,480,000	\$11,897,000	\$13,880,000	\$9,748,000
8—School districts upon which provision of non-Federal share of construction imposes a financial hardship.....	500,000	500,000	220,000	0	161,000
9—Temporary increases of federally connected children for whom temporary school facilities are provided.....	500,000	400,000	200,000	0	200,000
10—Federally constructed schools on Federal property:					
Children.....	6,315	5,300	5,300	5,200	5,200
Rate.....	\$1,880	\$1,900	\$1,900	\$1,920	\$1,920
Assistance.....	\$11,872,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
14—Substantial number of children residing on Federal property (mostly tax-exempt Indian land) and lack of financial resources.....	\$3,000,000	\$3,000,000	0	\$3,000,000	\$2,208,000
17—Natural disasters ²	0	0	0	0	0
Total.....	49,370,000	57,380,000	22,317,000	26,880,000	22,317,000
Technical services.....	708,000	620,000	620,000	620,000	620,000
Grand total (amount estimated to pay entitlement in full).....	50,078,000	58,000,000	22,937,000	27,500,000	22,937,000
Unfunded 1967 requirements.....	(3)	(3)	(3)	35,063,000	(3)
Revised requirements.....	(3)	(3)	(3)	62,563,000	(3)

¹ Excludes estimates for temporary provisions of the law which expire on June 30, 1967.

² Requirements are unpredictable. They are payable out of regular appropriation, subject to replacement by supplemental appropriations as needed.

³ Not available.

Estimated requirements for school construction, by section, Public Law 81-815, as amended, fiscal year 1967—Temporary provisions extended and with Public Law 89-750 Amendments

*Fiscal year 1967
with Public Law
89-750*

Section and basis of eligibility

5(a)(1)—Children of parents who work on and reside on Federal property:	
Number of children.....	8, 870
Rate.....	\$1, 500
Estimated assistance.....	\$13, 310, 000
5(a)(2)—Children of parents who either work on or reside on Federal property:	
Number of children.....	37, 800
Rate.....	\$790
Estimated assistance.....	\$29, 820, 000
5(a)(3)—Children of parents who represent an increase in Federal activity either directly or through a contractor:	
Number of children.....	500
Rate.....	\$711
Estimated assistance.....	\$350, 000
Total Section 5.....	\$43, 480, 000
8—School districts upon which provision of non-Federal share of construction imposes a financial hardship.....	500, 000
9—Temporary increases of federally-connected children for whom temporary school facilities are provided.....	400, 000
10—Federally constructed schools on Federal property:	
Number of children.....	5, 300
Rate.....	\$1, 900
Estimated assistance.....	\$10, 000, 000
14—Substantial number of children residing on Federal property (mostly tax-exempt Indian land) and lack of financial resources..	\$3, 000, 000
16—Natural disasters ¹	0
Total.....	57, 380, 000
Technical services.....	620, 000
Grand total (amount estimated to pay entitlement in full)...	58, 000, 000

¹ Requirements are unpredictable. They are payable out of regular appropriation, subject to replacement by supplemental appropriations as needed.

490 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

TABLE II.—*Summary of entitlements, by State, Public Law 815, as amended, fiscal years 1966, 1967, and 1968*

State or territory	1966 obligations	1967 appropriation	1968 estimate
Total.....	\$48,677,387	\$22,937,000	\$22,937,000
Alabama.....	886,667	356,000	318,000
Alaska.....	1,020,080	446,000	428,000
Arizona.....	3,949,858	557,000	1,078,000
Arkansas.....	125,427	178,000	159,000
California.....	7,194,397	4,330,000	4,152,000
Colorado.....	1,112,025	602,000	547,000
Connecticut.....		133,000	119,000
Delaware.....	74,046		
District of Columbia.....			
Florida.....	1,026,322	1,358,000	1,211,000
Georgia.....	842,593	646,000	576,000
Hawaii.....	3,496,418	802,000	716,000
Idaho.....	166,915	178,000	207,000
Illinois.....	693,140	200,000	179,000
Indiana.....		111,000	99,000
Iowa.....			
Kansas.....	344,748	223,000	215,000
Kentucky.....	1,816,332	156,000	139,000
Louisiana.....	882,570	89,000	79,000
Maine.....	—464,915	89,000	79,000
Maryland.....	511,306	1,826,000	1,629,000
Massachusetts.....	1,910,490	156,000	139,000
Michigan.....	939,716	570,000	508,000
Minnesota.....	25,234	44,000	154,000
Mississippi.....	767,814	89,000	79,000
Missouri.....	231,322	223,000	198,000
Montana.....	583,110	178,000	303,000
Nebraska.....	336,685	267,000	251,000
Nevada.....	1,275,406	379,000	370,000
New Hampshire.....	657,311		
New Jersey.....	932,006	156,000	139,000
New Mexico.....	3,728,657	535,000	1,279,000
New York.....	—40,637	446,000	397,000
North Carolina.....	2,407,468	468,000	417,000
North Dakota.....	444,794	223,000	215,000
Ohio.....	422,234	379,000	354,000
Oklahoma.....	158,715	669,000	713,000
Oregon.....	253,867	89,000	89,000
Pennsylvania.....		66,000	59,000
Rhode Island.....	80,144	44,000	39,000
South Carolina.....	886,025	356,000	318,000
South Dakota.....	286,828	223,000	188,000
Tennessee.....		111,000	99,000
Texas.....	2,498,805	1,023,000	914,000
Utah.....	781,721	468,000	426,000
Vermont.....			
Virginia.....	1,853,893	1,952,000	1,743,000
Washington.....	1,439,961	579,000	561,000
West Virginia.....			
Wisconsin.....	176,602	89,000	131,000
Wyoming.....	192,700	111,000	157,000
Guam.....		44,000	63,000
Puerto Rico.....	1,075,102	100,000	84,000
Virgin Islands.....			
Wake Island.....	484		
Technical services.....	693,001	620,000	620,000

REQUEST IDENTICAL WITH 1967 APPROPRIATION

Senator HILL. Dr. Lillywhite, you have been with us a good many times in the past. We are glad to have you back with us. You may proceed in your own way.

Mr. LILLYWHITE. I have an opening statement, Mr. Chairman, if I may read it.

Senator HILL. All right, sir.

Mr. LILLYWHITE. Mr. Chairman and members of the committee, we are requesting a total of \$439,137,000 for this appropriation. This is the same as the amount appropriated in 1967.

PAYMENTS TO SCHOOL DISTRICTS

Of the total appropriation, \$416,200,000 is requested for payments to school districts. Titles I and III of Public Law 874, as amended, authorize financial assistance for the maintenance and operation of schools in areas where enrollments are increased by Federal activities. Public Law 89-10 extended the temporary provisions of the act through June 30, 1968.

REDUCED ELIGIBILITY REQUIREMENTS

Public Law 89-313, enacted November 1, 1965, reduced eligibility requirements for large city districts from 6 percent to the 3 percent required for all other districts and as a result a number of the large city districts became eligible for assistance during 1966.

Public Law 89-750, enacted November 3, 1966, further reduced the eligibility requirements for 1968 to 3 percent or 400 children, whichever is smaller. This act also made a number of minor technical amendments to Public Law 874 to eliminate inequities and improve administration. Most of these amendments liberalized the provisions of the law.

Public Law 89-313 also added new provisions to Public Law 815 and Public Law 874 authorizing assistance to school districts in major disaster areas to repair or replace facilities damaged by natural disasters and to provide temporary facilities as necessary while damaged facilities were being repaired or restored.

1967 APPROPRIATION SUFFICIENT TO PAY FULL ENTITLEMENTS

Payments usually are made to local school districts. When these districts cannot assume responsibility for educating children living on Federal property, payments are made to other Federal agencies to provide such education. The 1967 appropriation is sufficient to pay full entitlements to those districts eligible to receive payment from the appropriation.

The act appropriating funds for 1967 prohibits payments to the large school districts eligible for assistance as a result of the reduced eligibility requirements included in Public Law 89-750.

ALLOCATION OF FUNDS

Approximately \$27 million of the \$416.2 million will be needed for section 6, payments to other Federal agencies in 1968 for education at

full Federal expense of an estimated 50,300 children for whom the States cannot accept responsibility.

The remaining \$389.2 million will be used for grants to local educational agencies. This amount will pay 90 percent of the entitlement of each eligible district including the large school districts eligible for the first time in 1967. When funds available are not sufficient to pay entitlement in full, they must be prorated equally to all eligible applicants after first funding in full the requirements under section 6.

Senator HILL. Have you had very much of that proration?

Mr. LILLYWHITE. Twice, once about five-tenths of 1 percent, and the other time under 1 percent.

LANHAM ACT

Senator HILL. We started, of course, with what we call the Lanham Act.

Mr. LILLYWHITE. Yes.

Senator HILL. These acts were passed since 1951.

Mr. LILLYWHITE. That is right.

Senator HILL. Subsequent to the Lanham Act.

Mr. LILLYWHITE. That is right. It is felt that a 10 percent reduction in entitlement will not work a severe hardship on most school districts receiving this assistance. Most eligible districts will receive as much in 1968 as they will in the current year and most of them also are receiving substantial Federal payments from other Federal programs.

ADEQUACY OF ESTIMATE

Senator HILL. Are you pretty well satisfied with the budget estimate?

Mr. LILLYWHITE. Yes; we are, Mr. Chairman.

Senator HILL. The figures before me show a reduction of about \$45,-300,000 under the full entitlement.

Mr. LILLYWHITE. That is correct.

Senator HILL. You think the estimate will enable you to pretty well do the job?

Mr. LILLYWHITE. Well, there will be a proration of 10 percent. They will get 90 percent of their entitlement but the entitlement is more than it would be this year. There are liberalizing amendments; they can count more children so they will get about the same amount of money.

Senator HILL. And they are getting funds from the other Federal programs?

Mr. LILLYWHITE. Yes, sir.

Senator HILL. When you first started coming before our committee?

Mr. LILLYWHITE. Only the last couple of years in the major programs.

Senator HILL. All right, sir.

ASSISTANCE FOR SCHOOL CONSTRUCTION

Mr. LILLYWHITE. Payments are made under Public Law 815 to assist in construction of schools in areas where public school enrollments are increased by Federal activities. We are requesting \$22,937,000 for this activity in 1968. Grants are made to local districts under section 5 of the act, to assist in providing school facilities for substantial in-

creases in the number of children who live on Federal property or who live with a parent who works on Federal property.

Section 10 authorizes the Commissioner to arrange for the construction of schools for children living on Federal property when no local educational agencies are able to provide school facilities for such children.

Section 14 authorizes payments for children who live on Federal property (mostly Indian reservations) for whom no school facilities are available. The temporary provisions of the law cover children whose parents either work or reside on Federal property. These provisions will terminate June 30, 1967.

ESTIMATED TOTAL REQUIREMENTS

Estimated total requirements of the act as in effect for 1967 are \$58 million. A total of \$22,937,000 was appropriated to meet the requirements of the permanent provisions of the law. At the time the appropriation request was made, the temporary provisions were in effect only until June 30, 1966. The temporary provisions were extended until June 30, 1967, but no appropriation was made for the additional requirements.

The total of \$22,937,000 requested for 1968 will meet most of the requirements under the permanent provisions. Of this amount, approximately \$10 million will be needed for constructing schools on Federal property because these projects must be funded first before using any of the appropriation for grants to school districts. This will leave \$12,300,000 for allocation to local educational agencies under sections 5 and 14. This amount is expected to be sufficient to approve about 87 projects providing 1,000 classrooms to house approximately 29,000 pupils. The priority requirements in the act assure that the funds available will be allocated to school districts having the most urgent needs. An amount of \$620,000 requested in the appropriation is for personnel compensation and benefits.

We will be happy to answer any question you may have.

ESTIMATE WILL NOT PAY FULL ENTITLEMENTS

Senator HILL. I believe you said you thought that the budget estimate pretty well met the needs contemplated by the act.

Mr. LILLYWHITE. Well, it will not pay full entitlement, Mr. Chairman, but a 10 percent reduction is not a lot for these school districts to take.

Senator HILL. Particularly where they are getting funds from other programs.

Mr. LILLYWHITE. That is right.

Senator HILL. When these acts were originally passed, you did not have any provision for funds from these other programs.

Mr. LILLYWHITE. I think about the only thing that was in effect then was vocational education.

Senator HILL. That is right. The Smith-Hughes Act, vocational education.

Mr. LILLYWHITE. That is right.

Senator HILL. Mr. Downey, being a younger man, did not like the use of Smith-Hughes. He wanted George-Barden because that is a more recent amendment to the Smith-Hughes Act. I remember what a job Senator George had getting that George-Barden Act passed in the Senate. He had trouble getting his people up.

Is there anything else you would like to add?

Mr. HOWE. That is all, Mr. Chairman. Thank you.

Senator HILL. These programs have been very popular, have they not?

Mr. LILLYWHITE. Yes; they have, Mr. Chairman. They have been very well supported.

HIGHER EDUCATIONAL ACTIVITIES

STATEMENTS OF PETER P. MUIRHEAD, ASSOCIATE COMMISSIONER FOR HIGHER EDUCATION; HAROLD HOWE II, COMMISSIONER OF EDUCATION; NOLAN ESTES, ASSOCIATE COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION; S. WILLIAM HERRELL, EXECUTIVE OFFICER, BUREAU OF HIGHER EDUCATION; NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOE G. KEEN, BUDGET OFFICER; MRS. SALLY H. BOND, BUDGET ANALYST; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

"HIGHER EDUCATIONAL ACTIVITIES

"For grants, loans, contracts, payments, and advances under titles [I, II,] III, IV (except payments under parts C and D), V (except part B) and VI of the Higher Education Act of 1965 as amended, under the Higher Education Facilities Act of 1963, as amended, under titles II and IV of the National Defense Education Act of 1958, as amended (20 U.S.C. ch. 17), under section 22 of the Act of June 29, 1935, as amended (7 U.S.C. 329), and for grants under part C of title I of the Economic Opportunity Act of 1964, as amended, [\$383,900,000] \$1,173,194,000 of which [\$10,000,000 shall be for grants for college and university extension education under title I of the Higher Education Act of 1965, \$3,000,000 shall be for transfer to the Librarian of Congress for the acquisition and cataloging of library materials under part C of title II of that Act, \$114,500,000] \$30,000,000 shall be for the purposes of title III of the Higher Education Act of 1965, \$159,600,000 shall be for programs under part A of title IV of that Act of which [\$112,000,000] \$155,600,000 shall be for educational opportunity grants and shall remain available through June 30, [1968] 1969, [\$43,000,000] \$40,000,000 to remain available until expended shall be for interest payments for loan insurance programs under part B of title IV of that Act [of which \$33,000,000 for interest payments shall remain available until expended and \$10,000,000 for advances shall remain available until June 30, 1968], [\$30,000,000] \$35,000,000 shall be for the program under part C of title V of that Act, \$17,000,000 shall be for the purposes of title VI of the Act of which amounts reallocated under part A shall remain available through June 30, [1968, and \$134,100,000] 1969, \$139,900,000 shall be for grants for college work-study programs under part C of title I of the Economic Opportunity Act of 1964 of which amounts reallocated shall remain available through June 30, [1968] 1969, \$390,000,000 shall be for grants for construction of academic facilities under title I of the Higher Education Facilities Act of 1963 of which any reallocated amounts shall remain available through June 30, 1969, \$50,000,000 to remain available until expended shall be for grants for construction of graduate academic facilities under title II of that Act, \$192,000,000 shall be for capital contributions to student loan funds and loans for non-Federal capital contributions to student loan funds under title II of the National Defense Education Act of 1958, of which not to exceed \$2,000,000 shall be for such loans for non-Federal contributions, and \$11,950,000 shall be for the purposes of section 22 of the Act of June 29, 1935.

"[For an additional amount for "Higher educational activities", \$30,000,000, which shall be for the purposes of title III of the Higher Education Act of 1965, as amended: *Provided*, That this paragraph shall be effective only upon enactment into law of H.R. 14644, Eighty-ninth Congress, or similar legislation.]

[HIGHER EDUCATION FACILITIES CONSTRUCTION]

"For grants, loans, and payments under the Higher Education Facilities Act of 1963, as amended, \$722,744,000, of which not to exceed \$453,000,000 to remain available through June 30, 1968, shall be for grants for construction of academic facilities under title I; \$60,000,000 to remain available until expended shall be for grants for construction of graduate academic facilities under title II; and \$200,000,000 to be transferred to the revolving funds established by section 305 of said Act of 1963 and to remain available without fiscal year limitation, shall be for loans for construction of academic facilities under title III and for operation expenses of said fund: *Provided*, That the total amount of loans made from said fund in the fiscal year ending June 30, 1967, shall not exceed \$300,000,000: *Provided further*, That this paragraph shall be effective only upon enactment into law of H.R. 14644, Eighty-ninth Congress, or similar legislation."

[FURTHER ENDOWMENT OF COLLEGES OF AGRICULTURE AND THE MECHANIC ARTS]

"For carrying out the provisions of section 22 of the Act of June 29, 1935, as amended (7 U.S.C. 329), \$11,950,000."

EXPLANATION OF LANGUAGE CHANGES

It is proposed that "loans", "under the Higher Education Facilities Act of 1963, as amended, under titles II and IV of the National Defense Education Act of 1958, as amended (20 U.S.C. ch. 17), under section 22 of the Act of June 29, 1935, as amended (7 U.S.C. 329)", and the last section beginning with "\$390,000,000 shall be for" and ending with "Act of June 29, 1935" be included in the language. It is further proposed that the existing language for "Higher Education Facilities Construction" and "Further Endowment of Colleges of Agriculture and the Mechanic Arts" be deleted. These changes will allow a more coordinated presentation of higher education programs by transferring to this account the following programs: (1) The Higher Education Facilities Act; (2) Student Loans under Title II and Graduate Fellowships under Title IV of the National Defense Education Act; and (3) the annual appropriation for land-grant college support under the Bankhead-Jones Act.

Deletion of "I, II," and "\$10,000,000 shall be for grants for college and university extension education under title I of the Higher Education Act of 1965, \$3,000,000 shall be for transfer to the Librarian of Congress for the acquisition and cataloging of library materials under part C of title II of that Act," will permit transfer of the Higher Education Act programs of university extension and college libraries to the appropriation account "Libraries and Community Services" in order to provide a more comprehensive presentation of such activities. The library research program under Title II of the Act will be transferred to the appropriation account "Research and Training" in order to present a more comprehensive package of all research programs.

Inclusion of "III," and "\$30,000,000 shall be for the purposes of title III of the Higher Education Act of 1965," will provide for appropriation of funds for Strengthening Developing Institutions under Title III of that Act. The 1967 appropriation for this program was included in the Supplemental Appropriation Act since the authorizing legislation had not yet been enacted when the regular appropriation bill was considered by the Appropriations Committees.

The three substitutions of "1969" for "1968" will assure two-year availability of funds, in accordance with the basic laws, for educational opportunity grants, undergraduate instructional equipment, and work-study programs.

It is further proposed that "to remain available until expended" and "interest payments for" be substituted for "of which \$33,000,000 for interest payments shall remain available until expended and \$10,000,000 for advances shall remain available until June 30, 1968". The full authorization for advances for State and nonprofit private reserve funds under the insured student loan program has been appropriated in 1966 and 1967; therefore, the 1968 request includes funds only for interest payments.

The remaining changes reflect later legal citations, and provide more clarity and consistency in the language.

Amounts available for obligation

	1967	1968
Appropriation:		
"Higher educational activities"-----	\$413,900,000	\$1,173,194,000
"Higher education facilities construction"-----	722,744,000	
"Further endowment of colleges of agriculture and the mechanic arts"-----	11,950,000	
Total appropriation-----	1,148,594,000	1,173,194,000
Transfer to "Higher education loan fund" (80 Stat. 166)-----	-200,000,000	
Unobligated balance transferred to "Student loan insurance fund" (80 Stat. 1384)-----	-500,000	
Comparative transfer to "Libraries and community services"-----	-41,750,000	
Comparative transfer to "Research and training"-----	-3,550,000	
Comparative transfer from "Defense educational activities"-----	273,957,000	
Unobligated balance brought forward-----	20,551,533	13,800,000
Unobligated balance carried forward-----	-13,800,000	
Unobligated balance lapsing-----	-9,023,000	-1,800,000
Total obligations-----	1,174,479,533	1,185,194,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Program assistance:						
(a) Strengthening developing institutions-----		\$30,000,000		\$30,000,000		
(b) Colleges of agriculture and mechanic arts-----		11,950,000		11,950,000		
(c) Undergraduate instructional equipment and other resources-----		14,500,000		14,500,000		
2. Construction:						
(a) Public community colleges and technical institutes-----		99,660,000		89,700,000		-\$9,960,000
(b) Other undergraduate facilities-----		354,868,533		300,300,000		-54,568,533
(c) Graduate facilities-----		60,000,000		50,000,000		-10,000,000
(d) State administrative expenses-----		7,000,000		7,000,000		
(e) Technical services-----	260	2,744,000	260	2,744,000		
3. Teacher education:						
(a) Elementary and secondary teacher programs-----		30,000,000		35,000,000		+5,000,000
(b) College teacher fellowships-----		80,842,000		96,600,000		+15,758,000
(c) Institutes in use of equipment and other teaching aids-----		2,500,000		2,500,000		
4. Student aid:						
(a) Educational opportunity grants-----		112,700,000		159,600,000		+46,900,000
(b) Direct loans-----		193,115,000		193,400,000		+285,000
(c) Insured loans-----		40,500,000		52,000,000		+11,500,000
(d) Work-study programs-----		134,100,000		139,900,000		+5,800,000
Total obligations-----	260	1,174,479,533	260	1,185,194,000		+10,714,467

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	260	260	
Full-time equivalent of all other positions.....	4	4	
Average number of all employees.....	222	224	+2
Personnel compensation:			
11.1 Permanent positions.....	\$2, 117, 000	\$2, 145, 000	+\$28, 000
11.3 Positions other than permanent.....	25, 000	25, 000	
11.5 Other personnel compensation.....	25, 000	25, 000	
Total personnel compensation.....	2, 167, 000	2, 195, 000	+28, 000
12.0 Personnel benefits.....	168, 000	170, 000	+2, 000
21.0 Travel and transportation of persons.....	143, 000	133, 000	-10, 000
22.0 Transportation of things.....	4, 000	4, 000	
23.0 Rent, communications, and utilities.....	113, 000	103, 000	-10, 000
24.0 Printing and reproduction.....	28, 000	28, 000	
25.1 Other services.....	2, 550, 000	4, 050, 000	+1, 500, 000
26.0 Supplies and materials.....	21, 000	21, 000	
31.0 Equipment.....	50, 000	40, 000	-10, 000
33.0 Investments and loans.....	209, 500, 000	192, 000, 000	-17, 500, 000
41.0 Grants, subsidies, and contributions.....	959, 735, 533	986, 450, 000	+26, 714, 467
Total obligations by object.....	1, 174, 479, 533	1, 185, 194, 000	+10, 714, 467

Summary of changes

1967 enacted appropriation:	
"Higher educational activities".....	\$413, 900, 000
"Higher education facilities construction".....	722, 744, 000
"Further endowment of colleges of agriculture and the mechanic arts".....	11, 950, 000
1967 total enacted appropriation.....	1, 148, 594, 000
Transfer to "Higher education loan fund" (§0 Stat. 166).....	-200, 000, 000
Comparative transfer to "Libraries and community services".....	-41, 750, 000
Comparative transfer to "Research and training".....	-3, 550, 000
Comparative transfer from "Defense educational activities".....	273, 957, 000
1967 revised appropriation.....	1, 177, 251, 000
1968 estimated appropriation.....	1, 173, 194, 000
Total change.....	-4, 057, 000

	Base		Changes from base	
	Positions	Amount	Positions	Amount
Increases (program):				
1. Teacher education:				
(a) Elementary and secondary teacher programs.....		\$30, 000, 000		\$5, 000, 000
(b) College teacher fellowships.....		80, 842, 000		15, 758, 000
2. Student aid:				
(a) Educational opportunity grants.....		114, 500, 000		45, 100, 000
(b) Direct loans.....		193, 115, 000		285, 000
(c) Insured loans—interest payments.....		33, 000, 000		7, 000, 000
(d) Work-study programs.....		134, 100, 000		5, 800, 000
Total program increases.....				78, 943, 000
Decreases:				
1. Construction:				
(a) Public community colleges and technical institutes.....		99, 660, 000		-9, 960, 000
(b) Other undergraduate facilities.....		353, 340, 000		-53, 040, 000
(c) Graduate facilities.....		60, 000, 000		-10, 000, 000
2. Student aid: (a) Insured loans, advances for reserve funds.....		10, 000, 000		-10, 000, 000
Total decreases.....				-83, 000, 000
Total net changes requested.....				-4, 057, 000

EXPLANATION OF CHANGES

A total increase of \$5,000,000 for elementary and secondary teacher programs under Title V of the Higher Education Act includes \$2,500,000 for graduate fellowships to experienced teachers and \$2,500,000 for strengthening graduate schools of education. This increase will provide a total program level of \$35,000,000—\$12,500,000 for about 2,260 prospective teacher fellowships; \$15,000,000 for approximately 1,785 experienced teacher fellowships, an increase of some 295 over 1967; and \$7,500,000 for about 185 grants to strengthen teacher education programs, an increase of 62 over 1967.

For graduate fellowships for college teachers under Title IV of the National Defense Education Act, an additional \$15,758,000 will result in a total program level of \$96,600,000 for approximately 17,235 awards—an increase of 2,460 over 1967.

An additional amount of \$45,100,000 for educational opportunity grants under Title IV of the Higher Education Act includes \$43,600,000 for such grants as well as \$1,500,000 for contracts to identify needy youths and school dropouts and to encourage them to complete their education. The increase will result in a total of \$159,600,000—\$155,600,000 for about 285,000 student grants, or an additional 63,800 over 1967; and \$4,000,000 for approximately 100 contracts, or 50 more than the 1967 level.

For student loans under Title II of the National Defense Education Act, an increase of \$285,000 is requested to reimburse colleges and universities for their share of the principal and interest lost through loan cancellations for student borrowers who graduate and enter the teaching profession. A total program level of \$193,400,000 in 1968 includes \$190,000,000 for Federal contributions to loan funds, \$2,000,000 for loans to higher education institutions, and \$1,400,000 for about 128,500 or 27,500 over the 1967 estimate.

An increase of \$7,000,000 for the insured student loan program under Title IV of the Higher Education Act will provide a total of \$40,000,000 for interest payments on approximately 1,335,000 cumulative insured loans, an increase of 750,000 over 1967.

For the work-study program, also under Title IV, an additional amount of \$5,800,000 will result in a total program level of \$139,900,000. About 226,000 students will be employed by the fall of 1968, an increase of 35,000 over those employed in the fall of 1967.

Decreases totaling \$73,000,000 are estimated for Titles I and II of the Higher Education Facilities Act in order to provide increased support for "human resource" programs such as teacher training and student aid. A decrease of \$9,960,000 for public community colleges and technical institutes will result in a total of \$89,700,000 for about 230 projects, a decrease of 7 below the 1967 estimate. A decrease of \$53,040,000 will provide a total of \$300,300,000 for undergraduate facilities which will support approximately 800 projects, or 19 less than in 1967. Finally, a \$10,000,000 decrease for graduate facilities will result in a total of \$50,000,000 for about 83 projects, a reduction of 12 from the 1967 estimate.

A \$10,000,000 decrease is reflected for advances for State and nonprofit private reserve funds under the insured student loan program since the \$17,500,000 total authorization was appropriated in 1966 and 1967. The 1968 budget assumes that State contributions and the Federal insurance fund will provide insurance for about 750,000 new loans, an increase of 270,000 over 1967.

Explanation of transfers

	1967 estimate	1968 estimate	Purpose
Transfer to higher education loan fund (construction loans, title III, Higher Education Facilities Act, Public Law 88-204).	\$200,000,000	-----	The Participation Sales Act, Public Law 89-429, establishes and provides for transfer to the revolving fund amounts appropriated, in order to sell to the private market participations in loan pools through the Federal National Mortgage Association.
Unobligated balance transferred to student loan insurance fund (federally insured student loans, title IV-B, Higher Education Act, Public Law 89-329).	500,000	-----	The Higher Education Act establishes a revolving fund to insure loans for students without access to State or private nonprofit loan insurance programs. Transfer of the \$500,000 1966 appropriation for this purpose, which remained unobligated as of June 30, 1966, will combine this amount with the \$3,000,000 which was appropriated under the fund in 1967.
Comparative transfer from defense educational activities:			
Teacher education—College teacher fellowships (title IV, National Defense Education Act, Public Law 85-864).	80,842,000	\$96,600,000	
Student aid—Direct loans (title II, National Defense Education Act, Public Law 85-864).	193,115,000	193,400,000	To provide a more comprehensive presentation of higher education programs.
Total-----	273,957,000	290,000,000	
Comparative transfer to libraries and community services:			
College library resources (title II-A, Higher Education Act, Public Law 89-329).	25,000,000	25,000,000	
Acquisition and cataloging by Library of Congress (title II-C, Higher Education Act, Public Law 89-329).	3,000,000	4,000,000	To provide a more comprehensive presentation of library and community-oriented programs.
Librarian training (title II-B, Higher Education Act, Public Law 89-329).	3,750,000	8,250,000	
University community service programs (title I, Higher Education Act, Public Law 89-329).	10,000,000	16,500,000	
Total-----	41,750,000	53,750,000	
Research and training—Library improvement research (title II-B, Higher Education Act, Public Law 89-329).	3,550,000	3,550,000	To provide a more comprehensive presentation of research programs.

	Estimate to Bureau of Budget	Budget esti- mate to Congress	House allowance	Senate allowance	Appropriation
1959-----	\$2,501,000	\$2,501,500	\$2,501,500	\$2,501,500	\$2,501,500
1960-----	2,501,500	2,501,500	2,501,500	2,501,500	2,501,500
1961-----	2,501,500	2,501,500	2,501,500	2,501,500	2,501,500
1962-----	11,950,000	8,194,000	8,194,000	8,194,000	8,194,000
1963-----	11,950,000	11,950,000	11,950,000	11,950,000	11,950,000
1964-----	278,700,000	278,700,000	11,950,000	11,950,000	11,950,000
1965-----	475,950,000	475,950,000	475,100,000	475,100,000	475,100,000
1966 ¹ -----	976,685,000	984,608,000	923,808,000	923,808,000	921,661,000
1967 ¹ -----	1,283,004,000	1,027,488,000	1,197,251,000	1,177,251,000	1,177,251,000
1968 ¹ -----	1,593,350,000	1,173,194,000	-----	-----	-----

¹ In order to reflect comparability with the 1968 estimate, the amounts for 1966 and 1967 include activities previously carried under "Defense educational activities" (student loans and graduate fellowships); and exclude university extension and college library programs which have been transferred to "Libraries and community services," the library research program which has been transferred to "Research and training," and the construction loan program which has been transferred to "Higher education loan fund."

NOTE.—Table reflects "Higher educational activities," "Higher education facilities construction," and "Further endowment of colleges of agriculture and the mechanic arts."

Higher educational activities, Office of Education

	1967 estimate	1968 estimate	Increase or decrease
1. Program assistance:			
(a) Strengthening developing institutions.....	\$30,000,000	\$30,000,000	-----
(b) Colleges of agriculture and mechanic arts.....	11,950,000	11,950,000	-----
(c) Undergraduate instructional equipment and other resources.....	14,500,000	14,500,000	-----
Total.....	56,450,000	56,450,000	-----

JUSTIFICATION OF ESTIMATE

(A) STRENGTHENING DEVELOPING INSTITUTIONS

Title III of the Higher Education Act of 1965 provides support to institutions of higher education which, because of inadequate financial resources, cannot achieve their potential for contributing significantly to the educational resources of the Nation. Termed "developing institutions," they are further defined as struggling for survival and isolated from the main currents of academic life. Title III support is in the form of grants for cooperative arrangements and National Teaching Fellowships. Cooperative arrangements may be among developing institutions, or between developing institutions and stronger colleges and universities and/or business entities and industry. National Teaching Fellowships are awarded to outstanding graduate students and junior faculty members of colleges and universities to teach at developing institutions.

The original Act authorized \$55,000,000 for fiscal year 1966; the Higher Education Amendments of 1966 authorize \$30,000,000 for 1967 and \$55,000,000 for 1968.

In fiscal year 1966, an appropriation of \$5,000,000 was available. A total of 310 proposals were submitted requesting \$32,000,000 and involving 685 colleges in 46 States, Puerto Rico, and Guam. The overwhelming need for faculty support was evidenced by nearly 1,000 requests for National Teaching Fellowships. A total of 84 cooperative grants were awarded to institutions in 38 States and the District of Columbia, and awards were made for 261 National Teaching Fellowships. The number of students benefitted by this support was at least 175,000.

For fiscal year 1967, 507 applications totaling \$60,000,000 for cooperative agreements and fellowships were received as of January 1967. The appropriation of \$30,000,000 includes an estimated \$26,250,000 for about 185 cooperative arrangements and \$3,750,000 for 500 National Teaching Fellowships.

1968 REQUEST

Increasing demands for support under the program are expected:

1. The needs of developing institutions will expand as pressures mount to enroll increasing numbers of eligible students.

2. The anti-poverty programs will have the effect of encouraging increasing numbers of students to enroll in developing institutions.

3. As meaningful programs in cooperative arrangements develop, the appeal of Title III will grow.

4. Among the developing institutions, the predominantly Negro college will be helped over a longer than one-year period since they are in such stringent financial circumstances. Therefore, Title III commitments to multiple-year projects will continue, in addition to the expected increase in new project applications.

The 1968 request for \$30,000,000 will maintain the program at the 1967 level. A detailed breakdown of the estimate follows.

Summary

	1966 actual			1967 estimate			1968 estimate		
	Num-ber	Average cost	Amount	Num-ber	Average cost	Amount	Num-ber	Average cost	Amount
Cooperative arrange-ments.....	84	¹ \$36,753	\$3,087,267	185	¹ \$141,900	\$26,250,000	185	¹ \$141,900	\$26,250,000
National teaching fellowships.....	261	² 7,327	1,912,500	500	² 7,500	3,750,000	500	² 7,500	3,750,000
Total.....			4,999,767			30,000,000			30,000,000

¹ The average grant of \$36,753 was used to implement the program within the total amount available; the increased average grant of \$141,900 in 1967 and 1968 reflects the expanded program during the first full year of operation.

² Average costs are computed as follows:

	1966	1967 and 1968 estimate
Stipends.....	\$6,500	\$6,500
Dependents' allowances.....	827	1,000
Rate.....	(a)	(b)
Total.....	7,327	7,500

a 2 at \$400.

b 2½ at \$400.

(B) COLLEGES OF AGRICULTURE AND MECHANIC ARTS

The annual appropriation of \$11,950,000 under the Bankhead-Jones Act, in conjunction with the permanent appropriation of \$2,550,000 authorized by the Second Morrill Act, is used by the 68 land-grant colleges and universities to support instruction in agriculture and the mechanic arts.

These funds may "be applied only to instruction in agriculture, the mechanic arts, the English language and the various branches of mathematical, physical, natural, and economic science, with special reference to their applications in the industries of life, and to the facilities for such instruction," and "for providing courses for the special preparation of instructors for teaching the elements of agriculture and the mechanic arts." The term "facilities" is defined as instructional equipment; these grants may not be used for purchasing land or for purchasing or erecting buildings. The Act requires the institutions to offer instruction in military tactics, but no part of the Federal appropriations may be used for such instruction. About 94 percent of the funds each year is used for salaries of instructors, and the remaining six percent supports instructional equipment.

The amount of this appropriation is small as compared with the total income of all 68 land-grant colleges and universities, but it is of considerable importance to the smaller ones. In some institutions this program provides the principal support for instruction in agriculture or in engineering. In fact, such colleges and universities depend on this appropriation for support of particular essential departments or activities. In these times of rising costs and rapidly increasing enrollments, this assistance is most important to the further development of these 68 institutions which enroll about 20 percent of the Nation's degree-credit enrollment of about 6 million students.

For fiscal year 1968, the full authorization of \$11,950,000 is requested for the annual appropriation. The Act provides that \$7,650,000 shall be paid annually to the several States and Puerto Rico in equal shares and that \$4,300,000 shall be allotted and paid annually on the basis of population. The permanent appropriation provides \$50,000 to each State and Puerto Rico.

(C) UNDERGRADUATE INSTRUCTIONAL EQUIPMENT AND OTHER RESOURCES

(1) Television Equipment

Title VI, Part A of the Higher Education Act provides matching grants to higher education institutions in order to purchase instructional television equip-

ment and materials, and for related minor remodeling. Funds are allotted among States on the basis of higher education enrollment and per-capita income, and are administered by State Commissions which determine the Federal share for each project. Such share is limited to 50 percent, except that it may be increased to 80 percent in cases of hardship on the part of the institution. An amount of \$10,000,000 is authorized for fiscal year 1968.

While the benefits to be derived from the use of television systems as instruments of direct instruction have been repeatedly demonstrated at all levels, it is at the college and university level that the most acute and far reaching demands have been placed upon this type of equipment. The impact of television on direct instruction at the elementary and secondary levels is illustrated by a five-fold growth in enrollments in television instruction over the three-year period 1962-65 (from approximately 3,000,000 to 15,000,000 enrollments), and a corresponding increase in the number of types of subject matter courses offered by television. This has in part made it necessary that colleges and universities, especially those training teachers, improve and increase their ability to handle direct instruction by means of closed-circuit television. The pressing needs of expanded student enrollments and changing technology further accelerate the needs for television equipment.

Elaborate closed-circuit television installations are presently in use in relatively few colleges and universities, but there is a growing demand for large numbers of medium and small size closed-circuit installations to meet the growing needs for uniform instructional lectures and demonstrations for large enrollment courses. In addition, television methods and distribution provide new ways to broaden and enrich curricula, to extend the effectiveness of skilled and talented teachers, and to improve the quality of teachers and prospective teachers through immediate play-back of their own actual teaching situations. Through video-recordings, lectures, demonstrations, and other instructional means can be recorded, up-dated, and reused to meet complex scheduling problems and to uniformly accommodate large numbers of students on the same or different campuses.

Capital costs for the installation of a complete television complex with broadcast capability on campus may run as high as \$300,000 while small individual items may run less than \$1,000 each. Only about 800 of approximately 2,400 accredited institutions of higher education have been financially able to install entire and necessary systems.

The program is making an effective beginning in expanding and improving such instruction. The 1968 request of \$1,500,000 will continue the effort to utilize more fully the instructional capabilities of up-to-date closed-circuit television systems. Following is a comparison by year of levels of support.

Fiscal year	Federal funds available	Number of projects	Average cost	
			Total	Federal share
1966.....	\$1,472,171	123	\$23,936	\$11,968
1967 (estimate).....	1,500,000	150	20,000	10,000
1968 (estimate).....	1,500,000	150	20,000	10,000

(2) Other Equipment

Part A of Title VI also authorizes grants to institutions of higher education for acquisition of other than television equipment and minor remodeling, in order to improve undergraduate instruction.

The program is designed to assist in raising the quality of instruction in higher education institutions by supporting acquisition of equipment for use in courses dealing with science, mathematics, foreign languages, history, geography, government, education, the arts, English, and other humanities. The program is particularly aimed at those colleges and universities, both public and private, which are trying to improve themselves but which, for financial reasons, are unable to participate in the educational revolution brought about through the use of new techniques for learning.

To participate, as in the television equipment program, States must submit, through designated State commissions, a plan to the Commissioner outlining project priorities and their method of determination, and the methods of deter-

mining the Federal percent of the cost of each project. Ordinarily, this share is limited to 50 percent of the cost, but may be increased to not more than 80 percent where an institution can prove that it has insufficient resources and that the inability to attain them precludes participation. State allotments are based on the number of students enrolled in institutions of higher education in each State, and its relative per-capita income. An amount of \$60,000,000 is authorized for fiscal year 1968.

In the extremely short time from the inception of the program to the first awarding of grants, 945 applications were received during fiscal year 1966 of which 773 were funded in varying degrees depending upon individual State allotments. The appropriation of \$13,000,000 for fiscal year 1967 will maintain the laboratory and other special equipment grant program at about the same level as fiscal year 1966, the initial year of the program. The appropriation request for 1968 of \$13,000,000 will continue to help meet the increasing demands for this much-needed equipment. Following is a breakdown by year of level of support.

Fiscal year	Federal funds available	Number of projects	Average cost	
			Total	Federal share
1966.....	\$13,399,973	773	\$34,670	\$17,335
1967 (estimate).....	13,000,000	800	32,500	16,250
1968 (estimate).....	13,000,000	800	32,500	16,250

LAND-GRANT COLLEGES AND UNIVERSITIES
1966 obligations, 1967 allotment, and 1968 estimate

State or outlying area	Total	Morrill-Nelson funds ¹	Bankhead-Jones funds ²		
			Total	Uniform grants	Variable grants ³
Total.....	\$14,500,000.00	\$2,550,000	\$11,950,000.00	\$7,650,000	\$4,300,000.00
Alabama ⁴	277,646.77	50,000	227,646.77	150,000	77,646.77
Alaska.....	205,375.74	50,000	155,375.74	150,000	5,375.74
Arizona.....	230,950.92	50,000	180,950.92	150,000	30,950.92
Arkansas ⁴	242,457.70	50,000	192,457.70	150,000	42,457.70
California.....	573,580.45	50,000	523,580.45	150,000	373,580.45
Colorado.....	241,689.37	50,000	191,689.37	150,000	41,689.37
Connecticut.....	260,259.69	50,000	210,259.69	150,000	60,259.69
Delaware ⁴	210,607.86	50,000	160,607.86	150,000	10,607.86
Florida ⁴	317,693.07	50,000	267,693.07	150,000	117,693.07
Georgia ⁴	293,723.48	50,000	243,723.48	150,000	93,723.48
Hawaii.....	215,040.29	50,000	165,040.29	150,000	15,040.29
Idaho.....	215,858.39	50,000	165,858.39	150,000	15,858.39
Illinois.....	439,617.91	50,000	389,617.91	150,000	239,617.91
Indiana.....	310,822.39	50,000	260,822.39	150,000	110,822.39
Iowa.....	265,543.59	50,000	215,543.59	150,000	65,543.59
Kansas.....	251,783.16	50,000	201,783.16	150,000	51,783.16
Kentucky ⁴	272,213.59	50,000	222,213.59	150,000	72,213.59
Louisiana ⁴	277,415.79	50,000	227,415.79	150,000	77,415.79
Maine.....	223,038.35	50,000	173,038.35	150,000	23,038.35
Maryland ⁴	273,699.93	50,000	223,699.93	150,000	73,699.93
Massachusetts ⁴	322,375.97	50,000	272,375.97	150,000	122,375.97
Michigan.....	385,948.61	50,000	335,948.61	150,000	185,948.61
Minnesota.....	281,143.75	50,000	231,143.75	150,000	81,143.75
Mississippi ⁴	251,771.99	50,000	201,771.99	150,000	51,771.99
Missouri.....	302,677.15	50,000	252,677.15	150,000	102,677.15
Montana.....	216,038.46	50,000	166,038.46	150,000	16,038.46
Nebraska.....	233,545.74	50,000	183,545.74	150,000	33,545.74
Nevada.....	206,780.74	50,000	156,780.74	150,000	6,780.74
New Hampshire.....	214,425.84	50,000	164,425.84	150,000	14,425.84
New Jersey.....	344,200.66	50,000	294,200.66	150,000	144,200.66
New Mexico.....	222,604.76	50,000	172,604.76	150,000	22,604.76
New York.....	598,896.69	50,000	548,896.69	150,000	398,896.69
North Carolina ⁴	308,294.73	50,000	258,294.73	150,000	108,294.73
North Dakota.....	215,032.54	50,000	165,032.54	150,000	15,032.54
Ohio.....	430,710.26	50,000	380,710.26	150,000	230,710.26
Oklahoma ⁴	255,340.72	50,000	205,340.72	150,000	55,340.72
Oregon.....	242,039.72	50,000	192,039.72	150,000	42,039.72
Pennsylvania.....	469,048.73	50,000	419,048.73	150,000	269,048.73
Puerto Rico.....	255,846.05	50,000	205,846.05	150,000	55,846.05
Rhode Island.....	220,429.07	50,000	170,429.07	150,000	20,429.07
South Carolina ⁴	256,631.61	50,000	206,631.61	150,000	56,631.61
South Dakota.....	216,175.06	50,000	166,175.06	150,000	16,175.06
Tennessee ⁴	284,785.74	50,000	234,785.74	150,000	84,785.74
Texas ⁴	427,698.26	50,000	377,698.26	150,000	227,698.26
Utah.....	221,169.21	50,000	171,169.21	150,000	21,169.21
Vermont.....	209,267.04	50,000	159,267.04	150,000	9,267.04
Virginia ⁴	294,289.96	50,000	244,289.96	150,000	94,289.96
Washington.....	267,817.72	50,000	217,817.72	150,000	67,817.72
West Virginia.....	244,220.14	50,000	194,220.14	150,000	44,220.14
Wisconsin.....	293,929.34	50,000	243,929.34	150,000	93,929.34
Wyoming.....	207,845.30	50,000	157,845.30	150,000	7,845.30

¹ Permanent appropriation. Act approved Aug. 30, 1890, as amended; and act approved Mar. 4, 1907.² Annual appropriation. Act approved June 29, 1935, as amended June 12, 1952, and July 14, 1960.³ Based on U.S. census of population.⁴ 2 land-grant institutions in this State receive a stipulated proportion of the funds allotted.

HIGHER EDUCATION ACT

TITLE VI.—Undergraduate instructional equipment and other resources

State or outlying area	1966 obligations	1967 estimate ¹		1968 estimate ¹	
		Television equipment	Other equipment	Television equipment	Other equipment
Total.....	\$14, 872, 144	\$1, 500, 000	\$13, 000, 000	\$1, 500, 000	\$13, 000, 000
Alabama.....	210, 717	22, 347	193, 668	22, 347	193, 668
Alaska.....	794	4	6, 882	794	6, 882
Arizona.....	169, 729	18, 382	159, 303	18, 382	159, 303
Arkansas.....	139, 596	14, 733	127, 683	14, 733	127, 683
California.....	1, 706, 944	167, 319	1, 450, 104	167, 319	1, 450, 104
Colorado.....	195, 260	20, 119	174, 365	20, 119	174, 365
Connecticut.....	167, 835	17, 002	147, 353	17, 002	147, 353
Delaware.....	25, 511	2, 557	22, 164	2, 557	22, 164
District of Columbia.....	123, 325	11, 526	99, 897	11, 526	99, 897
Florida.....	372, 846	38, 111	330, 296	38, 111	330, 296
Georgia.....	252, 140	26, 108	226, 270	26, 108	226, 270
Hawaii.....	46, 829	4, 978	43, 142	4, 978	43, 142
Idaho.....	60, 633	6, 354	55, 071	6, 354	55, 071
Illinois.....	688, 683	67, 856	588, 086	67, 856	588, 086
Indiana.....	392, 977	38, 755	335, 874	38, 755	335, 874
Iowa.....	260, 717	26, 460	229, 325	26, 460	229, 325
Kansas.....	233, 581	23, 926	207, 355	23, 926	207, 355
Kentucky.....	231, 579	24, 276	210, 391	24, 276	210, 391
Louisiana.....	298, 839	28, 748	249, 146	28, 748	249, 146
Maine.....	61, 548	6, 507	56, 399	6, 507	56, 399
Maryland.....	212, 300	21, 785	188, 796	21, 785	188, 796
Massachusetts.....	505, 558	50, 440	437, 154	50, 440	437, 154
Michigan.....	652, 638	66, 763	578, 607	66, 763	578, 607
Minnesota.....	339, 679	33, 820	293, 104	33, 820	293, 104
Mississippi.....	186, 754	18, 886	163, 685	18, 886	163, 685
Missouri.....	352, 571	35, 900	311, 137	35, 900	311, 137
Montana.....	62, 937	6, 258	54, 234	6, 258	54, 234
Nebraska.....	135, 259	13, 876	120, 263	13, 876	120, 263
Nevada.....	14, 494	1, 565	13, 563	1, 565	13, 563
New Hampshire.....	31, 468	5, 973	51, 759	5, 973	51, 759
New Jersey.....	266, 597	26, 246	227, 465	26, 246	227, 465
New Mexico.....	82, 870	8, 528	73, 910	8, 528	73, 910
New York.....	1, 236, 157	120, 071	1, 040, 626	120, 071	1, 040, 626
North Carolina.....	374, 671	36, 613	317, 314	36, 613	317, 314
North Dakota.....	72, 092	7, 120	61, 709	7, 120	61, 709
Ohio.....	710, 976	70, 469	610, 733	70, 469	610, 733
Oklahoma.....	259, 561	26, 488	229, 566	26, 488	229, 566
Oregon.....	185, 534	18, 951	164, 245	18, 951	164, 245
Pennsylvania.....	765, 463	73, 787	639, 488	73, 787	639, 488
Rhode Island.....	80, 116	8, 546	74, 064	8, 546	74, 064
South Carolina.....	152, 835	15, 063	130, 542	15, 063	130, 542
South Dakota.....	69, 897	7, 178	62, 211	7, 178	62, 211
Tennessee.....	314, 374	31, 923	276, 667	31, 923	276, 667
Texas.....	832, 223	84, 010	728, 084	84, 010	728, 084
Utah.....	171, 267	15, 723	152, 737	17, 623	152, 737
Vermont.....	47, 108	4, 590	39, 778	4, 590	39, 778
Virginia.....	259, 819	25, 584	221, 728	25, 584	221, 728
Washington.....	223, 716	29, 029	251, 586	29, 029	251, 586
West Virginia.....	138, 146	14, 696	127, 359	14, 696	127, 359
Wisconsin.....	354, 338	35, 836	310, 579	35, 836	310, 579
Wyoming.....	28, 937	2, 973	25, 764	2, 973	25, 764
Guam.....	2, 639	352	3, 048	352	3, 048
Puerto Rico.....	109, 861	12, 080	104, 687	12, 080	104, 687
Virgin Islands.....		120	1, 034	120	1, 034

¹ 50 percent of the amount distributed on the basis of full-time and full-time equivalent degree-credit enrollment in institutions of higher education, fall 1965; and 50 percent distributed on the basis of State products of annual Federal allotment ratios, fiscal year 1967 and fall 1965 enrollment.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
2. Construction:						
(a) Public community colleges and technical institutes.....		\$99,660,000		\$89,700,000		—\$9,960,000
(b) Other undergraduate facilities.....		353,340,000		300,300,000		—53,040,000
(c) Graduate facilities.....		60,000,000		50,000,000		—10,000,000
(d) Loans:						
Appropriated funds.....		¹ 200,000,000				—200,000,000
(Estimated obligations from 1967 appropriations).....		(100,000,000)		(100,000,000)		
(Participation sales).....		(100,000,000)		(100,000,000)		
(Total loans).....		(200,000,000)		(200,000,000)		
(e) State administrative expenses.....		7,000,000		7,000,000		
(f) Technical services:						
Personnel compensation and benefits.....	260	2,335,000	260	2,365,000		+30,000
Other expenses.....		409,000		379,000		—30,000
Subtotal.....	260	2,744,000	260	2,744,000		
Total.....	260	722,744,000	260	449,744,000		—273,000,000

¹ Transferred to "Higher education loan fund."

JUSTIFICATION OF ESTIMATE

The Higher Education Facilities Act of 1963 is making a significant contribution in providing additional college and university academic facilities to meet the demands of increasing enrollments and rising costs in the Nation. Some decreases are recommended for fiscal year 1968 in order to provide increased support for programs contributing to "human resources" such as student aid and teacher training.

Title I—Sec. 103—Public community colleges and technical institutes

State or outlying area	1966 obligations	1967 appropriation	1968 estimate
Total.....	\$104,824,235	¹ \$99,660,000	¹ \$89,700,000
Alabama.....	2,197,582	2,396,883	2,157,339
Alaska.....		73,695	66,330
Arizona.....	821,000	894,687	805,272
Arkansas.....	827,970	1,341,704	1,207,614
California.....	7,762,896	6,953,420	6,258,497
Colorado.....	1,010,748	1,087,393	978,719
Connecticut.....	1,060,185	1,027,887	925,160
Delaware.....		166,211	149,600
District of Columbia.....		166,645	149,901
Florida.....	2,820,958	2,734,227	2,460,968
Georgia.....	3,387,715	2,549,773	2,294,950
Hawaii.....	436,809	411,401	370,286
Idaho.....	495,504	512,315	461,114
Illinois.....	4,213,488	4,078,102	3,670,537
Indiana.....	4,544,136	2,617,170	2,355,610
Iowa.....	1,593,661	1,750,499	1,575,554
Kansas.....	2,777,465	1,223,995	1,101,670
Kentucky.....	2,020,221	1,908,964	1,718,182
Louisiana.....	2,141,225	2,217,641	1,996,011
Maine.....		689,601	620,683
Maryland.....	3,596,375	1,566,262	1,409,731
Massachusetts.....	2,531,150	2,444,588	2,200,277
Michigan.....	4,977,689	4,058,919	3,653,271
Minnesota.....	2,401,181	2,336,291	2,102,802
Mississippi.....	1,616,390	1,430,963	1,287,953
Missouri.....	2,152,425	2,201,136	1,981,155
Montana.....	517,669	461,641	415,504
Nebraska.....		862,979	776,733
Nevada.....		125,527	112,982
New Hampshire.....	265,926	407,926	367,158
New Jersey.....	2,827,247	2,808,790	2,528,080
New Mexico.....	915,370	676,137	608,564
New York.....	6,958,281	6,513,280	5,862,344
North Carolina.....	3,013,290	3,239,375	2,915,632
North Dakota.....	521,322	439,851	395,892
Ohio.....	5,282,494	5,207,048	4,686,656
Oklahoma.....	1,413,489	1,580,451	1,422,501
Oregon.....	1,154,461	1,200,975	1,080,950
Pennsylvania.....	7,874,982	6,397,743	5,758,354
Rhode Island.....	464,497	470,762	423,714
South Carolina.....	1,665,306	1,686,070	1,517,565
South Dakota.....		460,048	414,071
Tennessee.....	2,626,696	2,300,614	2,124,695
Texas.....	5,064,975	5,646,681	5,082,353
Utah.....	623,697	729,562	656,649
Vermont.....	259,762	256,338	230,720
Virginia.....	2,107,136	2,213,587	1,992,362
Washington.....	1,738,151	1,735,224	1,561,806
West Virginia.....	1,141,458	1,400,993	1,260,978
Wisconsin.....	2,551,583	2,519,948	2,268,105
Wyoming.....	174,951	202,769	182,504
American Samoa.....		21,211	19,091
Canal Zone.....			
Guam.....		40,901	36,814
Puerto Rico.....	207,943	1,137,198	1,023,547
Virgin Islands.....	66,771	15,999	14,400

¹ Distributed according to the State products of (1) 1964-65 high school graduates and (2) fiscal year 1967 allotment ratios with limits of 0.3333 and 0.6667. Data on high school graduates were partially estimated.

Table I—Sec. 104—Other undergraduate facilities

State or outlying area	1966 obligations	1967 appropriation	1968 estimate
Total.....	\$357, 257, 617	1\$353, 340, 000	1\$300, 300, 000
Alabama.....	5, 532, 271	5, 352, 342	4, 548, 900
Alaska.....	75, 530	253, 259	240, 739
Arizona.....	3, 476, 258	3, 505, 921	2, 979, 645
Arkansas.....	4, 180, 331	3, 224, 623	2, 740, 577
California.....	39, 216, 513	38, 798, 742	32, 974, 650
Colorado.....	4, 242, 450	4, 272, 966	3, 631, 549
Connecticut.....	4, 817, 442	4, 753, 057	4, 089, 574
Delaware.....	1, 080, 531	815, 887	693, 414
District of Columbia.....	2, 598, 771	2, 187, 599	1, 859, 218
Florida.....	8, 777, 444	8, 856, 267	7, 526, 850
Georgia.....	5, 750, 263	6, 521, 551	5, 542, 598
Hawaii.....	1, 248, 851	1, 298, 329	1, 103, 436
Idaho.....	1, 858, 259	1, 400, 558	1, 190, 319
Illinois.....	18, 559, 792	18, 096, 189	15, 379, 765
Indiana.....	7, 309, 702	9, 056, 964	7, 697, 419
Iowa.....	5, 987, 281	5, 758, 223	4, 893, 854
Kansas.....	3, 895, 760	4, 747, 371	4, 034, 742
Kentucky.....	5, 226, 254	5, 267, 848	4, 468, 590
Louisiana.....	6, 517, 808	6, 169, 662	5, 243, 532
Maine.....	2, 583, 193	1, 652, 979	1, 404, 849
Maryland.....	3, 736, 563	5, 801, 660	4, 980, 770
Massachusetts.....	11, 829, 688	11, 127, 455	9, 457, 108
Michigan.....	15, 314, 941	16, 184, 067	13, 754, 671
Minnesota.....	7, 605, 166	7, 509, 089	6, 381, 896
Mississippi.....	3, 768, 735	3, 935, 865	3, 345, 051
Missouri.....	8, 253, 681	8, 241, 721	7, 004, 554
Montana.....	2, 008, 059	1, 403, 893	1, 193, 154
Nebraska.....	4, 059, 805	2, 969, 273	2, 523, 554
Nevada.....	999, 901	584, 638	496, 878
New Hampshire.....	1, 408, 696	1, 297, 472	1, 102, 708
New Jersey.....	9, 463, 373	9, 001, 552	7, 650, 326
New Mexico.....	1, 946, 991	1, 961, 855	1, 667, 360
New York.....	31, 464, 137	30, 523, 940	25, 941, 981
North Carolina.....	8, 554, 052	8, 280, 288	7, 037, 331
North Dakota.....	853, 860	1, 432, 716	1, 217, 650
Ohio.....	18, 320, 408	18, 398, 318	15, 636, 541
Oklahoma.....	5, 962, 041	5, 168, 432	4, 392, 597
Oregon.....	4, 153, 938	4, 163, 072	3, 538, 152
Pennsylvania.....	18, 742, 901	19, 210, 288	16, 326, 624
Rhode Island.....	1, 680, 683	1, 714, 172	1, 456, 857
South Carolina.....	3, 886, 562	3, 805, 176	3, 233, 979
South Dakota.....	2, 236, 704	1, 474, 696	1, 253, 329
Tennessee.....	6, 318, 994	6, 574, 128	5, 587, 284
Texas.....	18, 259, 076	18, 258, 580	15, 517, 779
Utah.....	2, 996, 120	2, 978, 708	2, 531, 573
Vermont.....	919, 206	893, 673	759, 523
Virginia.....	7, 279, 718	6, 436, 063	5, 469, 943
Washington.....	6, 565, 172	6, 469, 743	5, 498, 566
West Virginia.....	3, 516, 162	3, 329, 821	2, 829, 980
Wisconsin.....	8, 315, 982	8, 281, 590	7, 038, 438
Wyoming.....	688, 017	675, 113	573, 772
American Samoa.....		27, 093	23, 026
Canal Zone.....			
Guam.....	150, 000	112, 732	95, 809
Puerto Rico.....	4, 034, 081	3, 057, 797	2, 598, 790
Virgin Islands.....		44, 979	38, 226

¹ 1/2 distributed according to estimated fall 1965 enrollment in grades 9 to 12, and 1/2 distributed according to fall 1965 enrollment in institutions of higher education. Data on enrollment in higher education institutions were partially estimated.

Grants for State administrative expenses

State or outlying area	1966 obligations	1967 estimate	1968 estimate
Total.....	\$1,755,069	¹ \$3,000,000	¹ \$3,000,000
Alabama.....	30,500	52,985	52,985
Alaska.....	8,900	18,000	18,000
Arizona.....	4,392	41,808	41,808
Arkansas.....	27,781	42,239	42,239
California.....	95,768	183,020	183,020
Colorado.....	31,361	45,031	45,031
Connecticut.....	32,697	46,319	46,319
Delaware.....	20,000	30,023	30,023
District of Columbia.....	30,738	34,837	34,837
Florida.....	24,110	66,164	66,164
Georgia.....	16,800	57,468	57,468
Hawaii.....	23,775	32,501	32,501
Idaho.....	22,000	33,215	33,215
Illinois.....	66,760	102,040	102,040
Indiana.....	20,637	66,461	66,461
Iowa.....	36,374	52,323	52,323
Kansas.....	33,565	47,169	47,169
Kentucky.....	35,054	51,125	51,125
Louisiana.....	33,991	55,295	55,295
Maine.....	11,178	34,638	34,638
Maryland.....	22,456	51,709	51,709
Massachusetts.....	49,018	73,097	73,097
Michigan.....	61,500	95,632	95,632
Minnesota.....	41,077	60,269	60,269
Mississippi.....	31,929	45,013	45,013
Missouri.....	38,900	62,307	62,307
Montana.....	23,991	33,056	33,056
Nebraska.....	28,785	39,789	39,789
Nevada.....	1,200	21,759	21,759
New Hampshire.....	21,000	32,518	32,518
New Jersey.....	45,000	66,511	66,511
New Mexico.....	26,076	35,677	35,677
New York.....	98,213	152,753	152,753
North Carolina.....	49,336	65,883	65,883
North Dakota.....	25,003	33,107	33,107
Ohio.....	26,160	106,846	106,846
Oklahoma.....	40,415	49,816	49,816
Oregon.....	31,926	45,006	45,006
Pennsylvania.....	74,626	113,560	113,560
Rhode Island.....	10,675	34,183	34,183
South Carolina.....	31,730	45,302	45,302
South Dakota.....	35,200	33,314	33,314
Tennessee.....	38,822	57,203	57,203
Texas.....	63,300	108,267	108,267
Utah.....	14,789	39,499	39,499
Vermont.....	20,000	30,641	30,641
Virginia.....	38,500	56,060	56,060
Washington.....	25,094	54,702	54,702
West Virginia.....	29,055	42,780	42,780
Wisconsin.....	43,072	63,488	63,488
Wyoming.....	28,500	27,199	27,199
American Samoa.....		6,000	6,000
Canal Zone.....			
Guam.....	3,996	6,000	6,000
Puerto Rico.....	25,860	40,929	40,929
Virgin Islands.....	3,434	6,000	6,000
Reserve.....		71,464	71,464

¹ Distribution of \$3,000,000 for administrative expenses is based on past experience; distribution of \$4,000,000 for planning grants, which are new in 1967, is not available.

	1967 estimate	1968 estimate	Increase or decrease
3. Teacher education:			
(a) Elementary and secondary teacher programs:			
(1) Prospective teachers.....	\$12,500,000	\$12,500,000	-----
(2) Experienced teachers.....	12,500,000	15,000,000	+\$2,500,000
(3) Strengthening graduate schools of education.....	5,000,000	7,500,000	+2,500,000
(b) College teacher fellowships.....	80,842,000	96,600,000	+15,758,000
(c) Institutes in use of equipment and other teaching aids.....	2,500,000	2,500,000	-----
Total.....	113,342,000	134,100,000	+20,758,000
4. Student aid:			
(a) Educational opportunity grants:			
(1) Grants to higher education institutions.....	112,000,000	155,600,000	+43,600,000
(2) Identification and encouragement of educational talent.....	2,500,000	4,000,000	+1,500,000
(b) Direct loans:			
(1) Contributions to loan funds.....	190,000,000	190,000,000	-----
(2) Loans to educational institutions.....	2,000,000	2,000,000	-----
(3) Cancellation of student loans.....	1,115,000	1,400,000	+285,000
(c) Insured loans:			
(1) Advances for reserve funds.....	10,000,000	-----	-10,000,000
(2) Interest payments on insured loans.....	33,000,000	40,000,000	+7,000,000
(d) Work-study programs.....	134,100,000	139,900,000	+5,800,000
Total.....	484,715,000	532,900,000	+48,185,000

JUSTIFICATION OF ESTIMATE

The Nation's rapid technological development is causing a severe shortage of competent, well-trained professional and technical personnel; and it appears that this shortage will become more acute in the future. The number of high school graduates who are capable of securing a college education and thus alleviating the critical shortage of trained personnel is mounting each year. However, the costs of obtaining a college education are rising at an alarming rate and increasing numbers of high school graduates are finding it impossible to pursue a higher education without financial help. In the past few years, the Administration and Congress have authorized and funded a comprehensive program of grants, loans, and work opportunities to assist students in obtaining a college education. Such a program is vitally important if the United States is to meet present shortages and future needs.

Three of the four programs offering aid to college students are administered by the colleges and universities. The institutions are being encouraged, to the extent of available funds, to use these three programs to develop a financial aid "package" to fit each eligible student's needs. Educational Opportunity Grants are aimed towards the neediest students—those from lower income families who could not attend college if they had to go into debt for every credit hour or every new textbook. The National Defense Student Loan Program assists students who are unable to obtain loans from commercial sources and are in need of these funds to pursue a higher education. The College Work-Study Program supplements the other two categories of aid by providing part-time employment opportunities to students. Although a student cannot earn sufficient funds from this program to pay for all of his costs, he can defray a portion of them.

The fourth program of financial aid to college students is the Insured Loan Program which is geared toward youths from middle- and upper-middle income families who are excluded from virtually all other forms of aid but whose families are finding it increasingly difficult to bear the brunt of rising college costs. The cost of attending college is now the second largest expenditure a family will make and, unlike the cost of a home which is the largest expenditure, falls due in a period of only four or five years. This program permits a student to borrow for his education from his local bank and it defers repayment until college is completed.

The following table provides a general idea of the extent to which these programs are reaching the Nation's total college population:

	Fiscal year 1966	Fiscal year 1967	Fiscal year 1968
Total fall degree-credit enrollment in higher education institutions.....	5,526,000	6,055,000	6,541,000
Educational opportunity grants:			
Number of students aided.....	134,486	221,200	285,000
Percent of total enrollment.....	2.4	3.7	4.4
Direct loans:			
Number of students aided.....	400,000	435,000	437,000
Percent of total enrollment.....	7.2	7.2	6.7
Insured loans:			
Number of students aided.....	105,000	480,000	750,000
Percent of total enrollment.....	1.9	7.9	11.5
Work-study programs:			
Number of students aided.....	190,000	191,000	226,000
Percent of total enrollment.....	3.4	3.2	3.5

NOTE.—Amounts and percent are not additive since many students participate in more than 1 program.

HIGHER EDUCATION ACT

Title IV-A—Educational opportunity grants

State or outlying area	1966 obligations	1967 estimate	1968 estimate
Total.....	\$57,922,829	¹ \$56,800,000	¹ \$58,100,000
Alabama.....	1,394,448	804,800	823,220
Alaska.....	22,993	24,243	24,798
Arizona.....	626,450	638,995	653,620
Arkansas.....	732,800	538,333	550,654
California.....	5,046,938	5,698,197	5,828,613
Colorado.....	817,970	828,667	847,633
Connecticut.....	738,587	706,570	722,741
Delaware.....	113,778	108,000	110,472
Florida.....	1,332,655	1,344,552	1,375,325
Georgia.....	955,240	957,682	979,601
Hawaii.....	147,920	199,977	204,554
Idaho.....	230,770	235,697	241,091
Illinois.....	2,843,275	2,795,742	2,859,729
Indiana.....	1,638,511	1,574,228	1,610,258
Iowa.....	1,103,247	1,100,258	1,125,440
Kansas.....	950,511	962,472	984,500
Kentucky.....	1,147,237	882,421	902,617
Louisiana.....	1,112,474	1,060,340	1,084,608
Maine.....	231,499	228,113	233,334
Maryland.....	690,180	838,161	857,344
Massachusetts.....	2,175,072	2,089,144	2,136,959
Michigan.....	2,500,314	2,568,296	2,627,077
Minnesota.....	1,390,669	1,344,320	1,375,088
Mississippi.....	1,050,112	679,115	694,658
Missouri.....	1,452,355	1,448,644	1,481,800
Montana.....	262,460	255,410	261,256
Nebraska.....	547,418	545,743	558,234
Nevada.....	62,836	66,172	67,687
New Hampshire.....	239,315	236,334	241,743
New Jersey.....	1,093,221	1,002,303	1,025,243
New Mexico.....	323,050	303,070	310,006
New York.....	4,039,653	4,460,445	4,571,739
North Carolina.....	1,561,764	1,343,799	1,374,555
North Dakota.....	285,487	278,813	285,194
Ohio.....	2,844,841	2,753,163	2,816,176
Oklahoma.....	955,012	968,059	990,215
Oregon.....	759,719	748,253	765,379
Pennsylvania.....	2,891,350	2,850,249	2,915,434
Rhode Island.....	300,097	321,553	328,912
South Carolina.....	532,500	537,204	549,499
South Dakota.....	445,250	272,532	278,770
Tennessee.....	1,173,214	1,159,540	1,186,079
Texas.....	3,142,384	3,121,420	3,192,861
Utah.....	651,460	682,632	698,256
Vermont.....	193,043	179,874	183,991
Virginia.....	944,624	921,614	942,707
Washington.....	983,535	1,180,845	1,207,871
West Virginia.....	564,800	537,971	550,284
Wisconsin.....	1,629,431	1,420,783	1,453,301
Wyoming.....	126,950	121,127	123,899
District of Columbia.....	520,708	479,311	490,281
Guam.....	7,597	8,533	8,779
Puerto Rico.....	389,655	376,059	384,666
Virgin Islands.....	4,850	1,172	1,199

¹ Distribution on the basis of full-time, degree-credit enrollment in institutions of higher education, fall 1965. Amounts include initial year awards only; continuation costs are not allocated by formula.

NATIONAL DEFENSE EDUCATION ACT

TITLE II.—*Student loans, contributions to loan funds*

State or outlying area	1966 obligations ¹	1967 estimate	1968 estimate
Total.....	\$179,285,249	² \$190,000,000	³ 190,000,000
Alabama.....	2,880,361	2,965,736	2,691,695
Alaska.....	57,307	89,337	81,081
Arizona.....	1,279,710	1,593,503	2,137,150
Arkansas.....	2,111,449	1,983,789	1,800,482
California.....	13,970,854	15,545,586	19,057,903
Colorado.....	2,626,314	3,053,684	2,771,517
Connecticut.....	2,549,705	2,603,753	2,363,160
Delaware.....	197,202	202,941	361,210
District of Columbia.....	2,202,165	1,766,289	1,603,080
Florida.....	3,766,141	4,772,437	4,496,921
Georgia.....	2,481,754	2,684,463	3,203,014
Hawaii.....	200,705	226,827	668,833
Idaho.....	511,414	651,296	788,301
Illinois.....	8,244,178	9,822,175	9,350,501
Indiana.....	6,100,311	5,801,122	5,265,085
Iowa.....	5,182,782	4,054,513	3,679,867
Kansas.....	3,974,388	3,546,765	3,219,036
Kentucky.....	3,439,216	3,251,769	2,951,299
Louisiana.....	2,541,568	3,132,605	3,546,361
Maine.....	1,050,841	840,610	762,936
Maryland.....	1,823,333	2,184,070	2,803,272
Massachusetts.....	6,638,190	7,698,615	6,987,245
Michigan.....	6,793,244	8,446,849	8,589,792
Minnesota.....	5,562,526	4,953,897	4,496,146
Mississippi.....	3,160,628	2,502,576	2,271,333
Missouri.....	4,814,060	5,338,335	4,845,061
Montana.....	729,224	941,201	854,231
Nebraska.....	1,321,244	1,727,015	1,825,266
Nevada.....	136,249	172,755	221,315
New Hampshire.....	965,104	870,905	790,431
New Jersey.....	2,980,820	3,560,846	3,352,251
New Mexico.....	831,442	1,116,831	1,013,633
New York.....	16,326,376	16,470,162	14,948,284
North Carolina.....	4,938,301	4,951,978	4,494,404
North Dakota.....	1,364,314	1,128,997	932,504
Ohio.....	7,645,493	9,137,221	9,208,089
Oklahoma.....	3,528,146	3,567,353	3,237,721
Oregon.....	2,531,098	2,650,958	2,502,571
Pennsylvania.....	10,637,091	10,503,331	9,532,809
Rhode Island.....	1,362,607	1,184,939	1,075,448
South Carolina.....	1,739,253	1,718,693	1,796,706
South Dakota.....	1,521,868	1,004,295	911,495
Tennessee.....	3,611,330	4,272,972	3,878,140
Texas.....	6,731,446	7,969,924	10,439,746
Utah.....	819,153	1,097,086	2,283,095
Vermont.....	803,148	662,845	601,597
Virginia.....	2,438,544	2,815,661	3,082,384
Washington.....	3,525,874	4,230,414	3,949,394
West Virginia.....	1,825,460	1,982,455	1,799,272
Wisconsin.....	3,702,790	5,235,665	4,751,878
Wyoming.....	237,630	354,248	405,114
Canal Zone.....			29,576
Guam.....	2,820	3,114	28,705
Puerto Rico.....	869,078	950,273	1,257,748
Virgin Islands.....	9,000	4,321	3,921

¹ Includes obligations in fiscal year 1965 under advance allocation authority in 1965 Appropriation Act.² Distribution based on reallocations prior to June 30, 1966, under advance allocation authority in 1966 Appropriation Act.³ Distribution estimated on the basis of fall 1965 full-time degree-credit enrollment in institutions of higher education.

HIGHER EDUCATION ACT

Title IV-B: Insured loans, advances for reserve funds

State or outlying area	1966 appropri- ation ¹	1967 appropri- ation	State or outlying area	1966 appropri- ation ¹	1967 appropri- ation
Total.....	² \$7,500,000	² \$10,000,000	Nevada.....	\$37,500	\$37,500
Alabama.....	139,866	189,867	New Hampshire.....	37,500	37,500
Alaska.....	37,500	37,500	New Jersey.....	201,005	272,864
Arizona.....	55,685	75,592	New Mexico.....	43,229	58,684
Arkansas.....	71,262	96,738	New York.....	587,747	797,866
California.....	627,726	852,139	North Carolina.....	218,649	296,816
Colorado.....	73,966	100,408	North Dakota.....	37,500	37,500
Connecticut.....	85,393	115,921	Ohio.....	371,690	504,569
Delaware.....	37,500	37,500	Oklahoma.....	96,771	131,366
Florida.....	189,210	256,853	Oregon.....	64,896	88,096
Georgia.....	178,062	241,719	Pennsylvania.....	407,374	553,010
Hawaii.....	37,500	44,865	Rhode Island.....	37,935	51,497
Idaho.....	37,500	37,500	South Carolina.....	119,387	162,067
Illinois.....	373,786	507,414	South Dakota.....	37,500	37,500
Indiana.....	188,811	256,310	Tennessee.....	157,526	213,842
Iowa.....	104,819	142,292	Texas.....	410,492	557,243
Kansas.....	85,627	116,239	Utah.....	40,822	55,416
Kentucky.....	132,455	179,808	Vermont.....	37,500	37,500
Louisiana.....	138,674	188,249	Virginia.....	187,417	254,418
Maine.....	39,430	53,526	Washington.....	111,205	150,960
Maryland.....	121,901	165,481	West Virginia.....	73,371	99,601
Massachusetts.....	194,895	264,570	Wisconsin.....	146,403	198,741
Michigan.....	292,332	396,841	Wyoming.....	37,500	37,500
Minnesota.....	130,238	176,798	District of Columbia.....	37,500	49,985
Mississippi.....	97,635	132,539	American Samoa.....	37,500	37,500
Missouri.....	166,792	226,420	Canal Zone.....	37,500	37,500
Montana.....	37,500	37,500	Guam.....	37,500	37,500
Nebraska.....	53,335	72,403	Puerto Rico.....	119,681	162,467
			Virgin Islands.....	37,500	37,500

¹ Carried forward for obligation in fiscal year 1967.² Distribution of a total amount of \$17,500,000 with a minimum of \$75,000; \$7,500,000 with a minimum of \$37,500 for fiscal year 1966, and \$10,000,000 with a minimum of \$37,500 for fiscal year 1967 on the basis of population aged 18 to 22 (Apr. 1, 1960).

Title IV-C—Work-study programs

State or outlying area	1966 obligations	1967 estimate	1968 estimate
Total.....	\$99,965,706	¹ \$134,100,000	¹ \$139,900,000
Alabama.....	3,505,911	3,261,486	3,402,550
Alaska.....	113,228	106,260	110,856
Arizona.....	838,616	1,214,781	1,267,322
Arkansas.....	2,987,742	1,984,388	2,070,215
California.....	12,526,389	10,486,813	10,940,382
Colorado.....	1,469,451	1,477,768	1,541,683
Connecticut.....	736,347	1,401,914	1,462,549
Delaware.....	150,700	271,601	283,348
Florida.....	2,502,937	3,580,871	3,735,748
Georgia.....	1,787,202	3,659,603	3,817,886
Hawaii.....	357,669	444,891	464,133
Idaho.....	422,808	512,969	535,156
Illinois.....	3,545,454	5,868,117	6,121,921
Indiana.....	1,245,613	3,122,796	3,257,861
Iowa.....	872,116	2,245,960	2,343,101
Kansas.....	1,686,699	1,671,033	1,743,307
Kentucky.....	2,147,897	2,781,638	2,901,947
Louisiana.....	2,226,119	3,278,320	3,420,112
Maine.....	449,607	657,051	685,469
Maryland.....	910,599	1,995,083	2,081,373
Massachusetts.....	4,213,700	3,416,791	3,564,572
Michigan.....	2,510,692	5,107,092	5,327,980
Minnesota.....	2,278,031	2,731,419	2,849,556
Mississippi.....	3,278,724	2,755,924	2,875,132
Missouri.....	1,675,266	3,231,398	3,371,160
Montana.....	970,852	532,769	555,812
Nebraska.....	864,367	1,147,330	1,196,954
Nevada.....	381,601	168,309	175,589
New Hampshire.....	329,943	425,839	444,257
New Jersey.....	1,295,483	2,910,795	3,036,691
New Mexico.....	859,951	831,061	867,005
New York.....	6,846,647	9,399,318	9,805,851
North Carolina.....	3,204,571	4,695,821	4,898,921
North Dakota.....	774,875	607,628	633,909
Ohio.....	2,092,114	5,986,806	6,245,743
Oklahoma.....	1,839,231	2,100,487	2,191,336
Oregon.....	3,270,880	1,358,323	1,417,072
Pennsylvania.....	3,180,373	6,885,995	7,183,823
Rhode Island.....	133,952	588,174	613,613
South Carolina.....	779,135	2,515,191	2,623,976
South Dakota.....	549,063	649,373	677,459
Tennessee.....	3,362,963	3,466,506	3,616,437
Texas.....	4,690,444	8,097,855	8,448,098
Utah.....	1,235,921	944,124	984,959
Vermont.....	244,299	325,511	339,590
Virginia.....	963,831	3,057,925	3,190,184
Washington.....	1,960,456	2,691,506	2,181,966
West Virginia.....	1,085,905	1,690,208	1,763,312
Wisconsin.....	2,834,354	2,784,941	2,905,393
Wyoming.....	389,573	242,306	252,786
District of Columbia.....	596,138	647,922	675,945
American Samoa.....			
Canal Zone.....			
Guam.....	104,522	2,682,000	2,798,000
Puerto Rico.....	674,686		
Virgin Islands.....	10,059		

¹ Distribution with 2 percent reserved for the outlying areas and the balance distributed $\frac{1}{2}$ on the basis of total high school graduates, 1964-65; $\frac{1}{2}$ on the basis of opening fall 1965 full-time degree-credit enrollment; $\frac{1}{2}$ on the basis of the estimated "related children under 18" in families with incomes of less than \$3,000 per annum (1959).

NET DECREASE IN REQUEST

Senator HILL. Mr. Muirhead.

We are going to have to recess at 12:15. That will give us 15 minutes. Will that give you enough time?

Mr. MUIRHEAD. It certainly will give me enough time to make my statement. If I can be responsive to your questions, I will be glad to do so.

Senator HILL. All right, sir. You go ahead.

Mr. MUIRHEAD. Mr. Chairman and members of the committee, I am happy for this opportunity to present our 1968 request of \$1,173,194,000 for "Higher educational activities" to assist in strengthening the educational resources of our colleges and universities and in extending the benefits of higher education to increasing numbers of our deserving youths.

Our estimate represents a net decrease of \$4,057,000 from the 1967 revised appropriation of \$1,177,251,000. A total decrease of \$83 million, primarily for construction, will permit us to give more emphasis to the vital areas of teacher education and student aid for which increases totaling \$78,943,000 are proposed.

This change in emphasis will enable us to hold to the overall 1967 funding level while at the same time increasing our support for certain programs which aim directly at assisting our youth in achieving their full potential.

PROGRAM ASSISTANCE

We are requesting a total of \$56,450,000, the same as the 1967 level, for strengthening the quality of instruction in our institutions of higher education.

Our program for strengthening developing institutions, established by title III of the Higher Education Act of 1965, provides grants for cooperative arrangements between small, developing colleges, and older, established institutions, for faculty and student exchange, curriculum improvement, and sharing of facilities. Our request of \$30 million will support about 185 cooperative agreements and an estimated 500 national teaching fellowships.

Endowment of colleges of agriculture and mechanic arts is authorized by the Bankhead-Jones Act in conjunction with the permanent appropriation under the second Morrill Act. Our request of \$11,950,000 under the annual appropriation will be used to support instruction in these two areas in the 68 land-grant colleges and universities which enroll about 20 percent of the Nation's degree-credit students.

For title VI of the Higher Education Act, we are requesting \$14,500,000 for about 950 projects to aid institutions in improving the quality of undergraduate classroom instruction through the acquisition of educational equipment.

CONSTRUCTION

For the Higher Education Facilities Act, we are proposing \$449,744,000 in appropriated funds, in addition to a \$200 million level for construction loans which, if time permits, I will discuss in my statement on the "Higher education loan fund."

Although our estimate, exclusive of loans, represents a \$73 million decrease from the 1967 appropriation, it will provide a continuing significant effort in reducing the existing construction backlog. In fact, we anticipate that actual construction will begin on about 1,765 projects during 1968, compared to 890 in 1967.

Senator HILL. There will be nearly a 100-percent increase in projects?

Mr. MUIRHEAD. That is right, sir.

Senator HILL. More than 100 percent.

Mr. MUIRHEAD. That is right. And a total of some 1,920 projects will be under construction by the end of 1968, compared to 1,155 at the end of 1967.

GRANTS FOR UNDERGRADUATE AND GRADUATE FACILITIES

The estimate includes \$390 million for grants for undergraduate facilities under title I—\$89,700,000 for about 230 projects for public community colleges and technical institutes, and \$300,300,000 for approximately 800 projects for other undergraduate facilities.

For graduate facilities under title II, \$50 million will support some 83 projects to help meet the demands for highly trained manpower and quality graduate schools.

Our request also includes \$7 million, the same as the 1967 appropriation, for grants to assist State commissions in administering title I of the Higher Education Facilities Act as well as equipment grants under title VI of the Higher Education Act. This amount will provide \$3 million for expenses incurred in the evaluation of grant applications and \$4 million for the development of comprehensive State plans for higher education construction.

It has become apparent since the funding of the Higher Education Facilities Act that sound planning for statewide needs must be accomplished if Federal funds for construction are to be utilized effectively.

Further related to administration of the construction program is our request of \$2,744,000, the same level as 1967, for the engineering and architectural review of projects. This function, which has been performed for us by the Department of Housing and Urban Development, will be transferred to the Office of Education as of July 1, 1967.

Senator HILL. Do you have your personnel already lined up for this function?

Mr. MUIRHEAD. We are attempting to do so now, sir.

TEACHER EDUCATION

Capable teachers are essential in improving education at any level; indeed, they are the backbone of American education. Coupled with the existing shortage of classroom teachers is the critical need to update and improve their preparation and qualifications. We are requesting \$134,100,000, an increase of \$20,758,000 over 1967, to assist in improving graduate programs and in attracting, preparing, and retaining highly qualified teachers.

The purpose of title V-C of the Higher Education Act is to improve the training of elementary and secondary teachers, particularly in the substantive courses. Our estimate of \$35 million includes \$12,500,-

000 for fellowships to about 2,260 prospective teachers, \$15 million for fellowships to some 1,785 experienced teachers, and \$7,500,000 for grants to approximately 185 institutions to help strengthen graduate schools of education.

We are also asking for an appropriation of \$96,600,000 to support an estimated 17,235 fellowships for prospective college teachers under title IV of the National Defense Education Act. There is, of course, a direct correlation between the number of college students and the demand for qualified college teachers. It would obviously be self-defeating to greatly increase the number of students through various forms of student aid without at the same time attempting to increase the number of college teachers to cope with the increased enrollment. We have made every effort, therefore, to provide maximum support for this program within existing budgetary limitations.

INCREASE IN HIGHER EDUCATION ENROLLMENT

Senator HILL. Of course, there has been a great increase in the numbers of students since World War II; isn't that true?

Mr. MUIRHEAD. There has, indeed. During the past 10 years the increase in higher education enrollment has been dramatic, moving from a level of about 2.9 million a scant 10 years ago to a higher education enrollment today of about 6 million, and it is still growing.

Senator HILL. Still going up?

Mr. MUIRHEAD. Yes, sir.

With an objective of improving the quality of undergraduate instruction, title VI-B of the Higher Education Act established a program for supporting institutes to train college teachers in the effective use of educational equipment and other teaching aids. Our request of \$2,500,000 will continue the program at the 1967 level, and will fund about 35 institutes enrolling some 990 participants.

STUDENT AID

I believe that the most significant and most satisfying accomplishment the Federal Government has made in higher education has come about through the student aid programs which are enabling many thousands of young people to obtain a college education which would not otherwise be available to them.

For example, by the end of fiscal year 1967, about 1,835,000 student loans will have been made under the National Defense Education Act loan program since its enactment in 1958.

As you know, Mr. Chairman, that act was enacted in 1958 under your leadership.

And 585,000 students will have received loans under the more recently enacted insured loan program for a total of 2,420,000 student loans.

We are estimating that an additional 1,200,000 students will be assisted under the two programs in 1968, reflecting in part the expected acceleration in the insured loan program.

INCREASE IN REQUEST

Our request of \$532,900,000 for student aid programs represents an increase of \$48,185,000 over 1967. We earnestly hope that the Congress will continue its strong support for this effort which has come to mean so much to American youth and the Nation's future.

EDUCATIONAL OPPORTUNITY GRANTS

Two very important forms of student aid are provided by the educational opportunity grants and college work-study programs under title IV of the Higher Education Act. As you know, the first provides grants to qualified high school graduates of exceptional financial need, while the second helps schools to provide part-time employment for needy students.

We are asking for \$155,600,000 for the opportunity grants, an increase of \$45,400,000 over 1967, which will enable us to assist 285,000 students, as compared with 221,200 in 1967. We are however, maintaining the number of new awards at the 1967 level.

WORK-STUDY PROGRAM

We are also seeking an increase from \$2,500,000 to \$4 million for contracts to identify disadvantaged youths with college potential and to encourage them to continue their education. We are proposing to increase support for the work-study program from \$134,100,000 to \$139,900,000 in order to provide for the part-time employment of about 226,000 students, compared with 191,000 students in 1967.

We consider these two programs to be of special significance since they provide aid to those young people who need it most and because the ultimate social benefits are likely to be of such great value. Both of these programs are making an important contribution to extending higher education opportunities in the United States, and for that reason alone, I think, they deserve our wholehearted support.

NDEA STUDENT LOAN PROGRAM

For the student loan program under title II of the National Defense Education Act, we are requesting \$193,400,000, an increase of \$285,000 over 1967. This includes \$190 million for contributions to loan funds and \$2 million for loans to aid institutions in providing the required matching funds.

Senator HILL. How long a period do these loans run?

Mr. MUIRHEAD. The NDEA loans may run over a period of perhaps up to 15 years, Mr. Chairman, because while the student is in school, of course, he does not start repayment.

Senator HILL. I was not thinking so much about the student. I was thinking of the loans to the schools.

Mr. MUIRHEAD. The loans to the schools may run over a 1- to 3- to 5-year period, depending on the agreement we make with the school.

Senator HILL. Those are short-term loans.

Mr. MUIRHEAD. Yes.

Senator HILL. I know about the students all right.

Mr. MUIRHEAD. Of course, you do.

STUDENTS BENEFITING FROM LOANS

We anticipate that 437,000 financially needy students in 1,800 institutions will benefit from these loans in 1968. The increase of \$285,000 is reflected in our estimate of \$1,400,000 to reimburse institutions for their share of losses resulting from loan cancellations for about 128,500 borrowers who graduate and become teachers.

PROPOSED LEGISLATION

In an attempt to reduce demands on the Treasury, we are proposing legislation that would permit colleges to borrow funds through the Federal National Mortgage Association participation pool for this program. If this effort is successful, we hope that this program ultimately may become largely self-supporting and that the required capital will come principally from private sources rather than from the Federal Government.

Senator HILL. The Federal Government would not have to make these particular loans.

Mr. MUIRHEAD. That is right; the Federal Government would not have to provide the capital.

Mr. CARDWELL. Although the Federal Government would lend its good faith and support to the loan.

Senator HILL. You mean the Federal Government would endorse the note?

Mr. CARDWELL. Not the Federal Government. The Federal National Mortgage Loan Association is a Federal corporation.

Senator HILL. That was set up during the days of the depression.

Mr. CARDWELL. That is right.

Senator HILL. Go ahead, sir.

INSURED LOAN PROGRAM

Mr. MUIRHEAD. The insured loan program, sometimes called the guaranteed loan program under title IV of the Higher Education Act is already our largest student assistance program, and we expect it to become much larger. This assistance is aimed toward youths from middle and upper middle-income families who do not qualify for other forms of aid but who are finding it increasingly difficult to cope with spiraling college costs.

Our request of \$40 million, along with \$12 million which we expect to carry over from 1967, will be used for interest payments on about 1,335,000 loans—750,000 new loans in 1968 and 585,000 loans made during the 2 preceding years. The tight money market and unfamiliarity with the program on the part of students and lenders resulted in fewer loans being made in 1966 and the first half of 1967 than we had originally estimated.

INCREASE IN NUMBER OF LOANS EXPECTED

However, the program now appears to be rapidly gaining in acceptance and we are expecting a significant increase in the number of new loans in the second half of 1967 and in 1968. No appropriation is being asked for advances for State and nonprofit private reserve funds. In-

stead, we are planning to implement the Federal insured loan program for those States which will have exhausted their reserve funds in 1968.

INDEPENDENT EVALUATION OF PROGRAM

It is expected that we will directly insure about 500,000 loans under the Federal program, and the States will contribute enough to insure the remaining 250,000 loans. It seems probable that this trend toward increasing direct Federal insurance of student loans will continue, and, indeed, accelerate. In accordance with instructions from the Congress, we have made arrangements for an independent evaluation of this program and expect to report the results of this study to Congress by January 1968.

Senator HILL. Is that study progressing pretty well?

Mr. MUIRHEAD. That study is now underway, sir.

We are also undertaking a number of other studies designed to provide the Congress with information as to how effectively the objectives of the present higher education programs are being met and as to what the needs of higher education are likely to be during the next several years.

Finally, I should like to report that the action of the Congress in enacting higher education legislation that requires the Federal Government to share responsibility for its administration with the States and the higher education community has proved to be both wise and effective. In my judgment, it augurs well for improving State services, strengthening higher education resources, and protecting academic freedom—all of which are so clearly in the national interest.

We shall be happy to respond to any questions you may have.

I wonder, Mr. Chairman, if it would be permissible for me to provide a short statement at this time on the higher education loan fund.

Senator HILL. All right.

It is now 12:20. How long will that statement take us?

Mr. MUIRHEAD. The statement is two pages.

SUBCOMMITTEE RECESS

Senator HILL. I hate to ask you to come back for the next meeting but we were due to recess at 12:15, to be frank with you.

Mr. MUIRHEAD. Whatever you say, Mr. Chairman.

Mr. CARDWELL. We will be glad to postpone the item.

Senator HILL. Will that be all right?

Mr. HOWE. That will be all right.

Senator HILL. We want to thank you for your statement, sir.

Mr. MUIRHEAD. Thank you.

Senator HILL. You always bring us a good statement.

Mr. MUIRHEAD. Thank you.

Senator HILL. The subcommittee now stands in recess until 10 o'clock Monday morning.

(Whereupon, at 12:20 p.m., Friday, March 17, 1967, the subcommittee was recessed, to reconvene at 10 a.m., Monday, March 20, 1967.)

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1968

MONDAY, MARCH 20, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, New Senate Office Building. Hon. Lister Hill (chairman) presiding.

Present: Senators Hill and Javits.

OFFICE OF EDUCATION

HIGHER EDUCATION LOAN FUND

STATEMENT OF PETER P. MUIRHEAD, ASSOCIATE COMMISSIONER FOR HIGHER EDUCATION, ACCOMPANIED BY HAROLD HOWE II, COMMISSIONER OF EDUCATION; S. WILLIAM HERRELL, EXECUTIVE OFFICER, BUREAU OF HIGHER EDUCATION; NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOE G. KEEN, BUDGET OFFICER; MRS. SALLY H. BOND, BUDGET ANALYST; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

PARTICIPATION SALES AUTHORIZATIONS

The Federal National Mortgage Association, as trustee, is hereby authorized to issue beneficial interests or participations in such assets from loans made by the Commissioner of Education for construction of academic facilities and for student loans as may be placed in trust with such Association in accordance with section 302(c) of the Federal National Mortgage Association Charter Act, as amended, in an aggregate principal amount of not to exceed \$200,000,000, in addition to amounts heretofore authorized: Provided, that the foregoing authorization shall remain available until June 30, 1969.

PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

For the payment of such insufficiencies as may be required by the trustee on account of outstanding beneficial interests or participations in assets of the Office of Education authorized by this Act to be issued pursuant to section 302(c) of the Federal National Mortgage Association Charter Act, as amended, such sums as may be necessary, to remain available without fiscal year limitation.

EXPLANATION OF LANGUAGE CHANGES

The Participation Sales Act provides that the total of any loans made under Title III of the Higher Education Facilities Act from the revolving fund in any fiscal year shall not exceed limitations specified in Appropriation Acts. The fiscal

year 1967 appropriation language for "Higher Education Facilities Construction" authorizes \$300,000,000, of which \$200,00,000 will be used in 1967. The 1967 language for "Participation Sales Authorizations" is contained in Public Law 89-553, the "Independent Offices Appropriation Act, 1967", under the Federal National Mortgage Association, and authorizes the sale of \$100,000,000 in participations. The proposed appropriation language for "Participation Sales Authorizations" for fiscal year 1968 includes \$200,000,000 in authorizations, of which \$100,000,000 will be used under proposed legislation for National Defense Education Act student loans, and \$100,00,000 will be used for construction loans. This additional authority of \$100,000,000, together with the carryover authority of \$100,000,000 from fiscal year 1967 under "Higher Education Facilities Construction", will provide a \$200,000,000 lending level for construction loans in fiscal year 1968.

Appropriation language is also included for the permanent indefinite appropriation, "Payment of Participation Sales Insufficiencies." Section 302(c)(5) of the Federal National Mortgage Association Charter Act, as amended by the Participation Sales Act, authorizes an indefinite appropriation of such sums as may be necessary without fiscal year limitation to cover insufficiencies resulting from the difference between the interest rate required to sell the participations to the private credit market and the interest rates on specific loans in the pool. Although the appropriation is indefinite, it is effectively limited, since it can be used only in connection with participation sales in amounts specified by the accompanying authorization. The language is also permanent because it appropriates amounts necessary for meeting insufficiencies in any fiscal year in which participation certificates authorized for sale by the accompanying language are outstanding. Loans under Title III are currently averaging about 3½ percent per annum; therefore, the Federal Government must subsidize the remaining interest costs over this rate. Such payments are estimated at \$3,979,000 in fiscal year 1968, of which about \$1,354,000 will be funded by receipts from interest payments from higher education institutions. The proposed language, which in fiscal year 1967 was included in the "Independent Offices Appropriation Act, 1967", will provide the appropriation of an estimated \$2,625,000 for the remaining deficiencies.

HIGHER EDUCATION LOAN FUND

Amounts available for obligation

	1967	1968
Appropriation (indefinite).....	\$659, 000	\$2, 625, 000
Transfer from "Higher education facilities construction" (Public Law 89-429).....	200, 000, 000	0
Sale of participation certificates.....	100, 000, 000	100, 000, 000
Interest on loans.....	1, 200, 000	1, 362, 000
Unobligated balance brought forward.....	0	100, 000, 000
Unobligated balance carried forward.....	-100, 000, 000	0
Total obligations.....	201, 859, 000	203, 987, 000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Operating costs:			
Participation sales insufficiencies.....	\$1, 855, 000	\$3, 979, 000	+\$2, 124, 000
Other expenses.....	4, 000	8, 000	+4, 000
Higher education construction loans.....	200, 000, 000	200, 000, 000	0
Total obligations.....	201, 859, 000	203, 987, 000	+2, 128, 000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
25.1 Other services.....	\$4,000	\$8,000	+\$4,000
33.0 Investments and loans.....	200,000,000	200,000,000	0
43.0 Interest and dividends.....	1,855,000	3,979,000	+2,124,000
Total obligations by object.....	201,859,000	203,987,000	+2,128,000

AUTHORIZING LEGISLATION

PUBLIC LAW 89-555

FEDERAL NATIONAL MORTGAGE ASSOCIATION

PARTICIPATION SALES AUTHORIZATIONS

The Federal National Mortgage Association, as trustee, is hereby authorized to issue beneficial interests or participations in such obligations as may be placed in trust with such Association in accordance with section 302(c) of the Federal National Mortgage Association Charter Act, as amended by Public Law 89-429, for the accounts of the following departments and agencies, in not to exceed the following aggregate principal amounts:

The Farmers Home Administration of the Department of Agriculture, \$600,000,000;

The Office of Education of the Department of Health, Education, and Welfare, \$100,000,000;

The Department of Housing and Urban Development, \$1,420,000,000;

The Veterans Administration, \$260,000,000; and

The Small Business Administration, \$850,000,000:

Provided, That the foregoing authorizations shall remain available until June 30, 1968.

PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

To enable any department or agency named in paragraph (2) of section 302(c) of the Federal National Mortgage Association Charter Act, as added by Public Law 89-429, to pay the Federal National Mortgage Association, as trustee, such insufficiencies as may be required by the trustee on account of such outstanding beneficial interests or participations as may be authorized by this Act to be issued pursuant to said section 302(c), such sums as may be necessary, to be available without fiscal year limitation.

PUBLIC LAW 89-429

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Participation Sales Act of 1966".

SEC. 2. (a) Section 302(c) of the Federal National Mortgage Association Charter Act is amended—

(1) by inserting "(1)" immediately following "(c)";

(2) by inserting after "undertakings and activities" a comma and "hereinafter in this subsection called 'trusts'";

(3) by striking "obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency's constituent units or agencies or the heads thereof, or any first mortgages in which the United States or any agency or instrumentality thereof" in the first sentence thereof and inserting "mortgages or other types of obligations in which any department or agency of the United States listed in paragraph (2) of this subsection";

(4) by striking out the third sentence thereof and substituting therefor the following: "Participations or other instruments issued by the Association pursuant to this subsection shall to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission."; and

(5) by striking out the fourth sentence thereof.

(b) Section 302(c) of such Act is further amended by adding the following:

"(2) Subject to the limitations provided in paragraph (4) of this subsection, one or more trusts may be established as provided in this subsection by each of the following departments or agencies:

* * * * *

"(B) The Office of Education of the Department of Health, Education, and Welfare, but only with respect to loans for construction of academic facilities.

* * * * *

The head of each such department or agency, hereinafter in this subsection called the 'trustor', is authorized to set aside a part or all of any obligations held by him and subject them to a trust or trusts and, incident thereto, shall guarantee to the trustee timely payment thereof. The trust instrument may provide for the issuance and sale of beneficial interests or participations, by the trustee, in such obligations or in the right to receive interest and principal collections therefrom; and may provide for the substitution or withdrawal of such obligations, or for the substitution of cash for obligations. The trust or trusts shall be exempt from all taxation. The trust instrument may also contain other appropriate provisions in keeping with the purposes of this subsection. The Association shall be named and shall act as trustee of any such trusts and, for the purposes thereof, the title to such obligations shall be deemed to have passed to the Association in trust. The trust instrument shall provide that custody, control, and administration of the obligations shall remain in the trustor subjecting the obligations to the trust subject to transfer to the trustee in event of default or probable default, as determined by the trustee, in the payment of principal and interest of the beneficial interests or participations. Collections from obligations subject to the trust shall be dealt with as provided in the instrument creating the trust. The trust instrument shall provide that the trustee will promptly pay to the trustor the full net proceeds of any sale of beneficial interests or participations to the extent they are based upon such obligations or collections. Such proceeds shall be dealt with as otherwise provided by law for sales or repayment of such obligations. The effect of both past and future sales of any issue of beneficial interests or participations shall be the same, to the extent of the principal of such issue, as the direct sale with recourse of the obligations subject to the trust. Any trustor creating a trust or trusts hereunder is authorized to purchase, through the facilities of the trustee, outstanding beneficial interests or participations to the extent of the amount of his responsibility to the trustee on beneficial interests or participations outstanding, and to pay his proper share of the costs and expenses incurred by the Federal National Mortgage Association as trustee pursuant to the trust instrument.

"(3) When any trustor guarantees to the trustee the timely payment of obligations he subjects to a trust pursuant to this subsection, and it becomes necessary for such trustor to meet his responsibilities under such guaranty, he is authorized to fulfill such guaranty.

"(4) Beneficial interests or participations shall not be issued for the account of any trustor in an aggregate principal amount greater than is authorized with respect to such trustor in any appropriation Act. Any such authorization shall remain available only for the fiscal year for which it is granted and for the succeeding fiscal year.

"(5) The Association, as trustee, is authorized to issue and sell beneficial interests or participations under this subsection, notwithstanding that there may be an insufficiency in aggregate receipts from obligations subject to the related trust to provide for the payment by the trustee (on a timely basis out of current receipts or otherwise) of all interest or principal on such interests or participations (after provision for all costs and expenses incurred by the trustee, fairly prorated among trustors). There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable any trustor to pay the trustee such insufficiency as the trustee may require on account of outstanding beneficial interests or participations authorized to be issued pursuant to paragraph (4) of this subsection. Such trustor shall make timely payments to the trustee from such appropriations, subject to and in accord with the trust instrument."

SEC. 3. (a) Section 305(c) of the Federal National Mortgage Association Charter Act is amended by deleting "by \$450,000,000 on July 1, 1966."

(b) Section 401(d) of the Housing Act of 1950 is amended by deleting "1968;" immediately preceding the first proviso and by substituting therefor "1965, and 1967 and 1968:".

SEC. 4. (a) Section 303(c) of title III of the Higher Education Facilities Act of 1963 is amended by striking out the first nine words in the second sentence and substituting therefor the following: "For the purpose of making payments into the fund established under section 305".

(b) Title III of the Higher Education Facilities Act of 1963 is further amended by adding after section 304 the following new section:

"REVOLVING LOAN FUND

"SEC. 305. (a) There is hereby created within the Treasury a separate fund for higher education academic facilities loans (hereafter in this section called 'the fund') which shall be available to the Commissioner without fiscal year limitation as a revolving fund for the purposes of this title. The total of any loans made from the fund in any fiscal year shall not exceed limitations specified in appropriation Acts. A business-type budget for the fund shall be prepared, transmitted to the Congress, considered, and enacted in the manner prescribed by law (sections 102, 103, and 104 of the Government Corporation Control Act (31 U.S.C. 847-849) for wholly owned Government corporations.

"(b) (1) The Commissioner, when authorized by an appropriation Act, may transfer to the fund available appropriations provided under section 303(c) to provide capital for the fund. All amounts received by the Commissioner as interest payments or repayments of principal on loans, and any other moneys, property, or assets derived by him from his operations in connection with this title, including any moneys derived directly or indirectly from the sale of assets, or beneficial interests or participations in assets, of the fund, shall be deposited in the fund.

"(2) All loans, expenses, and payments pursuant to operations of the Commissioner under this title shall be paid from the fund, including (but not limited to) expenses and payments of the Commissioner in connection with sale, under section 302(c) of the Federal National Mortgage Association Charter Act, of participations in obligations acquired under this title. From time to time, and at least at the close of each fiscal year, the Commissioner shall pay from the fund into the Treasury as miscellaneous receipts interest on the cumulative amount of appropriations paid out for loans under this title or available as capital to the fund, less the average undisbursed cash balance in the fund during the year. The rate of such interest shall be determined by the Secretary of the Treasury, taking into consideration the average market yield during the month preceding each fiscal year on outstanding Treasury obligations of maturity comparable to the average maturity of loans made from the fund. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payments so deferred shall themselves bear interest. If at any time the Commissioner determines that moneys in the fund exceed the present and any reasonably prospective future requirements of the fund, such excess may be transferred to the general fund of the Treasury."

* * * * *

SEC. 8. The Secretary of the Treasury, in consultation with heads of agencies of the United States carrying on direct loan programs, shall conduct a study, in such manner as he shall determine, on the feasibility, advantages, and disadvantages, and disadvantages of direct loan programs compared to guaranteed or insured loan programs and shall report his findings together with specific legislative proposals to the Congress not later than six months after the effective date of this Act. There are authorized to be appropriated such sums as necessary for the purpose of this section.

PUBLIC LAW 89-752

EXTENSION OF LOANS FOR CONSTRUCTION OF ACADEMIC FACILITIES

SEC. 5. Section 303(c) of the Higher Education Facilities Act of 1963 is amended—

(1) by striking out "four" in the first sentence and inserting "seven";

(2) by striking out in the second sentence " ; but for the fiscal year ending June 30, 1967," and inserting in lieu thereof " , the sum of \$200,000,000 for the fiscal year ending June 30, 1967, and the sum of \$400,000,000 for the fiscal year ending June 30, 1968, and for the succeeding fiscal year ; but for the fiscal year ending June 30, 1970," ; and

(3) by amending the third and fourth sentences to read as follows: "In addition to the sums authorized to be appropriated for each fiscal year for which an appropriation is authorized by the preceding sentence, there is

hereby authorized to be appropriated for that fiscal year, for making such loans, the difference (if any) between any specific sums authorized to be appropriated under the preceding sentence for the preceding fiscal year and the sums which were appropriated for such preceding year under such sentence. Sums appropriated pursuant to this subsection for any fiscal year shall be available without fiscal-year limitations for loans under this title."

PUBLIC LAW 88-204

TITLE III—LOANS FOR CONSTRUCTION OF ACADEMIC FACILITIES

LENDING AUTHORITY

SEC. 301. The Commissioner may, in accordance with the provisions of this title, make loans to institutions of higher education or to higher education building agencies for construction of academic facilities.

LOAN LIMIT FOR ANY STATE

SEC. 302. Not more than 12½ per centum of the funds provided for in this title in the form of loans shall be used for loans to institutions of higher education or higher education building agencies within any one State.

ELIGIBILITY CONDITIONS, AMOUNTS, AND TERMS OF LOANS

SEC. 303. (a) No loan pursuant to this title shall be made unless the Commissioner finds (1) that not less than one-fourth of the development cost of the facility will be financed from non-Federal sources, (2) that the applicant is unable to secure the amount of such loan from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (3) that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials.

(b) A loan pursuant to this title shall be secured in such manner, and shall be repaid within such period not exceeding fifty years, as may be determined by the Commissioner; and shall bear interest at a rate determined by the Commissioner which shall not be less than a per annum rate that is one-quarter of 1 percentage point above the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt as computed at the end of the preceding fiscal year, adjusted to the nearest one-eighth of 1 per centum.

(c) The Commissioner shall, during the fiscal year ending June 30, 1964, and each of the four succeeding fiscal years, make loans to institutions of higher education for the construction of academic facilities in accordance with the provisions of this title. For the purpose of making loans under this title, there is hereby authorized to be appropriated the sum of \$120,000,000 for the fiscal year ending June 30, 1964, and each of the two succeeding fiscal years; but for the fiscal year ending June 30, 1967, and the succeeding fiscal year, only such sums may be appropriated as the Congress may hereafter authorize by law. In addition to the sums authorized to be appropriated under the preceding sentence, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1965, and the succeeding fiscal year, for making such loans the difference (if any) between the sums authorized to be appropriated under the preceding sentence for preceding fiscal years and the aggregate of the sums which were appropriated for such preceding years under such sentence.

GENERAL PROVISIONS FOR LOAN PROGRAM

SEC. 304. (a) Such financial transactions of the Commissioner as the making of loans and vouchers approved by the Commissioner in connection with such financial transactions, except with respect to administrative expenses, shall be final and conclusive on all officers of the Government.

(b) The Commissioner is authorized (1) to prescribe a schedule of fees which, in his judgment, would be adequate in the aggregate to cover necessary expenses of making inspections (including audits) and providing representatives at the site of projects in connection with loans under this title, and (2) to condition the making of such loans on agreement by the applicant to pay such fees. For the purposes of providing such services, the Commissioner may, as author-

ized by section 402(b), utilize any agency, and such agency may accept reimbursement or payment for such services from such applicant or from the Commissioner, and shall, if a Federal agency, credit such amounts to the appropriation or fund against which expenditures by such agency for such services have been charged.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Commissioner may—

(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this title;

(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this title without regard to the amount in controversy, and any action instituted under this subsection by or against the Commissioner shall survive notwithstanding any change in the person occupying the office of Commissioner or any vacancy in such office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Commissioner or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this title from the application of sections 507(b) and 2679 of title 28 of the United States Code and of section 367 of the Revised Statutes (5 U.S.C. 316);

(3) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which he has made a loan pursuant to this title; and, in the event of any such acquisition (and notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States), complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants of such property;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) subject to the specific limitations in this title, consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which he is a party or which has been transferred to him pursuant to this section; and

(6) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions (including provisions designed to assure against use of the facility, constructed with the aid of a loan under this title, for purposes described in section 401(a)(2)) as he may deem necessary to assure that the purposes of this title will be achieved.

	1967 estimate	1968 estimate	Increase or decrease
Operating costs:			
Participation sales insufficiencies.....	\$659,000	\$2,625,000	+\$1,966,000
Other expenses.....			
Higher education construction loans.....			
Total.....	659,000	2,625,000	+1,966,000

JUSTIFICATION OF ESTIMATE

Title III of the Higher Education Facilities Act of 1963 provides loans for construction of academic facilities at colleges and universities. Such loans may be made for up to 75 percent of a project's total development cost, and must be repaid within 50 years. The Participation Sales Act of 1966, Public Law 89-429, approved on May 24, 1966, established a revolving Fund for these loans, and provides that appropriations made available for Title III be transferred to the Fund. Participations in pools of such loans are sold by the Federal National

Mortgage Association in order to promote the use of private capital for the program. A more detailed explanation and justification of the program is included under "Higher Educational Activities" in Volume II.

In fiscal year 1967, about 250 loan approvals averaging \$800,000 are anticipated. This level of \$200,000,000 will be funded by \$100,000,000 from the 1967 appropriation of \$200,000,000, and \$100,000,000 from participation sales. The Federal National Mortgage Association, in January 1967, sold approximately \$60,000,000 in participation certificates, and it is expected that an additional \$40,000,000 will be sold by June 1967.

For fiscal year 1968, it is again estimated that 250 projects will be approved at a total of \$200,000,000—\$100,000,000 from the 1967 appropriation which remains available until expended, and \$100,000,000 from participation sales.

The Participation Sales Act also provides that the total of any loans made from the fund in any fiscal year shall not exceed limitations specified in Appropriation Acts. The fiscal year 1967 appropriation language authorizes \$300,000,000, of which \$200,000,000 will be used in 1967. The 1968 proposed appropriation language for "Participation Sales Authorizations" includes \$200,000,000 in authorizations—\$100,000,000 for student loans under proposed legislation and \$100,000,000 for construction loans. This additional authority, together with the carryover authority of \$100,000,000 from fiscal year 1967, will provide the \$200,000,000 lending level in fiscal year 1968.

Participation sales in sufficiencies

The Participation Sales Act of 1966 specifically authorizes the sale of participations in pools of loans in cases where the total receipts from the loans in the pool, after covering the costs of servicing the loans and administering the participation pool, may be insufficient to provide for timely payment of interest and principal on the participations. Appropriations to pay such insufficiencies are authorized.

In cases where the aggregate receipts may be insufficient to cover the payments as they become due, participations will be salable on favorable terms only if buyers are assured that funds will be supplied to cover the insufficiency. The actual amount of the insufficiency will be determined primarily by the difference between the interest rate required to sell the participations, and the interest rates on the specific loans placed in the pools; and this cannot be estimated in advance of the sale. Therefore, Section 302(c)(5) of the Federal National Mortgage Association Charter Act as amended by the Participation Sales Act authorizes an indefinite appropriation of such sums as may be necessary and without fiscal year limitation to assure the successful sale of the participations. Although the appropriation is indefinite, it is effectively limited, since it can be used only in connection with participation sales in amounts specified by the accompanying authorization. The appropriation is also permanent because it provides amounts necessary for meeting insufficiencies in any fiscal year in which participation sales provided for in accompanying authorizations are still outstanding.

Interest costs on outstanding loans under Title III currently average about $3\frac{1}{2}$ percent per annum; therefore, the Federal Government must subsidize the remaining interest costs over this rate. Such payments are estimated at \$1,855,000 in fiscal year 1967, of which \$1,196,000 will be funded by receipts from interest paid into the fund by higher education institutions, and \$659,000 will be made available under the permanent indefinite appropriation, "Payment of Participation Sales Insufficiencies." For fiscal year 1968, interest subsidies totaling \$3,979,000 will be met by an estimated \$1,354,000 from interest payments, and \$2,625,000 from the permanent appropriation.

The law also provides that this indefinite appropriation be available in the event of some unforeseen circumstance resulting in an insufficiency of principal. For example, the normal procedure in the case of a default on a loan in a pool will be to substitute a sound loan. In extreme cases there might not be a sufficient volume of unpledged loans available for such substitution. The certainty of timely payment of both interest and principal requirements on the certificates provided by the availability of the indefinite appropriation will assure that the certificates can be sold on terms most favorable to the Government. However, no such defaults are anticipated for either fiscal year.

Other expenses

Operating costs incurred by the Federal National Mortgage Association in connection with the sale of participations are paid from the Fund. These expenses are estimated at \$4,000 in fiscal year 1967 and \$8,000 in fiscal year 1968.

Senator HILL. The subcommittee will kindly come to order. We are happy to have you continue now, sir, Mr. Muirhead.

Mr. MUIRHEAD. Thank you, Mr. Chairman. I have a short statement to explain the higher education fund.

Senator HILL. All right. You may proceed.

Mr. MUIRHEAD. Mr. Chairman and members of the committee, we are most gratified by the progress made under title III of the Higher Education Facilities Act in helping our colleges and universities meet the ever-increasing problems of expanding technology, mounting enrollments, and shrinking resources. In the first 2 years of the program, 276 loans were made to institutions throughout the country to construct academic facilities; and we expect to make 250 loans this year.

As you know, the program is currently entering a new phase in its source of financing: the use of private capital as well as appropriated Federal funds.

Senator HILL. Refresh my recollection. How many institutions?

Mr. MUIRHEAD. All institutions are eligible that are accredited, Mr. Chairman.

Senator HILL. How many would that be? Describe that for the record.

Mr. MUIRHEAD. This year we expect to have 250 institutions participating in the loan program.

Senator HILL. I understand that, but how many in the whole United States would be eligible?

Mr. MUIRHEAD. Approximately 2,100, sir.

Senator HILL. That is what I thought. A little over 2,000?

Mr. MUIRHEAD. Yes.

Senator HILL. Proceed.

REVOLVING FUND ESTABLISHED BY PARTICIPATION SALES ACT OF 1966

Mr. MUIRHEAD. The Participation Sales Act of 1966 amended title III by establishing a revolving fund to which appropriations are transferred and from which participations in pools of loans are sold to the private credit market. We anticipate a \$200 million lending level supporting about 250 projects in both of 1967 and 1968. This level will be achieved in fiscal year 1968 by a \$100 million carryover from the 1967 appropriation and \$100 million from participation sales. Therefore, we are not seeking appropriated funds for 1968.

Senator HILL. You are asking no appropriation funds?

Mr. MUIRHEAD. No, sir.

Senator HILL. What do you ascribe the carryover to?

Mr. MUIRHEAD. We ascribe the carryover to the fact that we have met about 250 applications this year and that we will not use the \$100 million in appropriations for those loan applications that have been deemed to be in high priority.

PROPOSED LANGUAGE CHANGES

We are, however, requesting your favorable consideration of two appropriation language provisions which are necessary for the operation of the fund. The Participation Sales Act provides that the maximum loan level for each year, including loans from the participation

sales, be specified in appropriation acts. The 1967 appropriation language authorizes \$300 million, of which we expect to use \$200 million this year.

PARTICIPATION SALES AUTHORIZATION

Our proposed language for "Participation Sales Authorizations" will provide an additional authority of \$100 million which, combined with the \$100 million carryover authority from 1967, will result in a total lending level of \$200 million in 1968.

Senator HILL. You need the language in order to have this \$100 million carryover?

Mr. MUIRHEAD. That is right, sir.

PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

The second proposed language provision is entitled "Payment of Participation Sales Insufficiencies." Interest rates on our outstanding loans are currently averaging about $3\frac{1}{2}$ percent per year. The act provides that the Federal Government pay the difference between this rate and the rate required to sell the participations to the private market and authorizes an indefinite appropriation to cover insufficiencies for such payments over the amount of interest collected from colleges and universities.

We estimate the total payments in 1968 at \$3,979,000, of which \$1,354,000 will be met by interest collections and \$2,625,000 will be made available under the proposed language.

Operating costs incurred by the Federal National Mortgage Association in connection with the sale of participations are estimated at \$8,000 in 1968, and will be paid from the fund.

Finally, I would like to mention that under proposed legislation we are recommending that the interest rates on these loans, which are now set at 3 percent per annum, be tied to the interest rates on Treasury notes of comparable maturity, adjusted to approximate the current yield of securities of public educational institutions if this should be at a lower rate. This change would have the effect of encouraging the publicly supported institutions to borrow in the private market and so would ease the demand for Federal loans.

Senator HILL. That would seem to me to be a commonsense thing to do then.

Mr. MUIRHEAD. I quite agree with you, Mr. Chairman, and this would allow us to reach a larger number of institutions than formerly.

Senator HILL. Than you have in the past?

Mr. MUIRHEAD. Yes, sir.

We would welcome any questions that you might have on this, sir.

Senator HILL. I think you have covered it pretty well.

Mr. MUIRHEAD. Thank you, sir.

EXPANSION AND IMPROVEMENT OF VOCATIONAL EDUCATION

STATEMENTS OF GRANT VENN, ASSOCIATE COMMISSIONER FOR ADULT AND VOCATIONAL EDUCATION; HAROLD HOWE II, COMMISSIONER OF EDUCATION; WALTER ARNOLD, DIRECTOR, DIVISION OF VOCATIONAL AND TECHNICAL EDUCATION; JAMES ROBERTS, EXECUTIVE OFFICER, BUREAU OF ADULT AND VOCATIONAL EDUCATION; SHERRILL McMILLEN, CHIEF, PROGRAM PLANNING AND DEVELOPMENT BRANCH; NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOE G. KEEN, BUDGET OFFICER; JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

EXPANSION AND IMPROVEMENT OF VOCATIONAL EDUCATION

For carrying out the provisions of titles I, II, and III of the Vocational Education Act of 1946, as amended (20 U.S.C. 15i-15m, 15o-15q, 15aa-15jj, 15aaa-15ggg), section 1 of the Act of March 3, 1931 (20 U.S.C. 30), the Act of March 18, 1950 (20 U.S.C. 31-33), section 9 of the Act of August 1, 1956 (20 U.S.C. 34), section 2 of the Act of September 25, 1962 (48 U.S.C. 1667), [sections 3 and] section 9 of the National Vocational Student Loan Insurance Act of 1965 (74 Stat. 1037, 1041), and the Vocational Education Act of 1963 (*except sections 4(c), 13 and 14*) (20 U.S.C. [35-35n] 35C(e), 35(k) and 35(l)); [\$278,016,000] \$259,900,000, of which [\$5,000,000 shall be for practical nurse training under title II of the Vocational Education Act of 1946, \$375,000 shall be for vocational education in the fishery trades and industry including distributive occupations therein under title I of the Vocational Education Act of 1946, \$15,000,000 shall be for area vocational education programs under title III of the Vocational Education Act of 1946, \$10,000,000 shall be for work-study programs under section 13 of the Vocational Education Act of 1963, \$208,225,000] \$199,309,000 shall be for vocational education programs under section 4 (a) and (b) of the Vocational Education Act of 1963 (20 U.S.C. 35C (a) and (b)), [of which \$198,225,000 shall be available for grants to States, and not to exceed \$10,000,000 shall be available for research and special project activities under said section, \$8,000,000] \$7,000,000 to remain available until expended shall be for area vocational school construction under section 211 of the Appalachian Regional Development Act of 1965, and [\$1,800,000 for advances for reserve funds and] \$3,600,000 to remain available until expended shall be for interest payments on insured loans under the National Vocational Student Loan Insurance Act of 1965 [of which \$775,000 for interest payments shall remain available until expended and \$1,025,000 for advances shall remain available until June 30, 1968].

EXPLANATION OF LANGUAGE CHANGES

The addition of "(except sections 4(c), 13 and 14)" and "(a and b)" will (1) transfer the research program under section 4(c) of the Vocational Education Act of 1963 to the appropriation account "Research and Training" in order to provide a more comprehensive, coordinated presentation of all research activities, and (2) will provide that no funds be appropriated for work-study programs or residential vocational schools under sections 13 and 14 of the Act.

It is requested that that portion of the language beginning with "5,000,000 shall be for" and ending with "Act of 1946" be deleted. This will provide more

consistency in the language, and is no longer necessary since the budget request provides the maximum authorizations under the George-Barden Act.

Elimination is proposed for that portion beginning with "of which \$198,225,000" and ending with "\$8,000,000." This change will delete the earmarking for the research program which was included in the 1967 language.

It is further proposed that "to remain available until expended shall be for" be substituted for "for advances for reserve funds and" and for "of which \$775,000 for interest payments shall remain available until expended and \$1,025,000 for advances shall remain available until June 30, 1968." The full authorization for advances and for State and nonprofit private reserve funds under the vocational student loan program has been appropriated in 1966 and 1967. Therefore, the 1968 request includes funds only for interest payments.

Amounts available for obligation

	1967	1968
Appropriation.....	\$278, 016, 000	\$259, 900, 000
Comparative transfer to "Research and training".....	-10, 000, 000	
Unobligated balance brought forward.....	6, 402, 820	8, 000, 000
Unobligated balance carried forward.....	-8, 000, 000	
Total.....	266, 418, 820	267, 900, 000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
1. Vocational Education Act of 1963:			
(a) Vocational training.....	\$137, 652, 000	\$138, 736, 000	+\$1, 084, 000
(b) Construction of area vocational education facilities.....	60, 573, 000	60, 573, 000	
2. George-Barden and supplemental acts:			
(a) George-Barden Act:			
(1) Practical nurse training.....	5, 000, 000	5, 000, 000	
(2) Area vocational training.....	15, 000, 000	15, 000, 000	
(3) Other vocational training.....	29, 686, 000	29, 686, 000	
(b) Supplemental acts.....	305, 000	305, 000	
3. Appalachian regional development.....	5, 452, 820	15, 000, 000	+9, 547, 180
4. Student aid:			
(a) Insured loans:			
(1) Advances for reserve fund.....	1, 875, 000		-1, 875, 000
(2) Interest payments.....	875, 000	3, 600, 000	+2, 725, 000
(b) Work-study programs.....	10, 000, 000		-10, 000, 000
Research and special project activities ¹	(10, 000, 000)	(17, 100, 000)	(+7, 100, 000)
Total obligations.....	266, 418, 820	267, 900, 000	+1, 481, 180

¹ Amounts and justification for research and special projects are included under the appropriation "Research and training."

Obligations by object

	1967 estimate	1968 estimate	increase or decrease
Investments and loans.....	\$1, 875, 000		-\$1, 875, 000
Grants, subsidies, and contributions.....	264, 543, 820	\$267, 900, 000	+3, 356, 180
Total obligations by object.....	266, 418, 820	267, 900, 000	+1, 481, 180

Summary of changes

1967 enacted appropriation.....	\$278, 016, 000
Comparative transfer to "Research and training".....	-10, 000, 000
1967 revised appropriation.....	268, 016, 000
1968 estimated appropriation.....	259, 900, 000
Total change.....	-8, 116, 000

	Base	Changes from base
Increases, program:		
1. Vocational training under Vocational Education Act of 1963.....	\$137,652,000	\$1,084,000
2. Student aid: (a) insured loans, interest payments.....	775,000	2,825,000
Total program increases		3,909,000
Decreases:		
Appalachian regional development.....	8,000,000	-1,000,000
Student aid:		
(a) Insured loans: Advances for reserve funds.....	1,025,000	-1,025,000
(b) Work-study programs.....	10,000,000	-10,000,000
Total decreases		-12,025,000
Total net change requested		-8,116,000

EXPLANATION OF CHANGES

1. An additional amount of \$1,084,000 is requested for vocational training under the Vocational Education Act of 1963. About 6,500,000 students will be enrolled in vocational education programs in 1968.

2. An increase of \$2,825,000 for the vocational insured loan program will provide a total of \$3,600,000 for interest payments on 262,500 cumulative insured loans, an increase of 112,500 over 1967.

3. The Appalachian Regional Development Act of 1965 authorized \$16,000,000 through fiscal year 1967 for the construction of vocational schools in areas of the region where such education was not available. The \$1,000,000 decrease results from a proposed extension of existing authorization for an additional \$7,000,000, compared with a funding level of \$8,000,000 in 1967. With the additional funds requested for 1968, the program will have supported facilities for a total of 50,400 students.

4. A decrease of \$1,025,000 is reflected for advances for State and nonprofit private reserve funds under the insured student loan program since the \$1,875,000 total authorization was appropriated in 1966 and 1967. The 1968 budget assumes that State contributions and the Federal insurance fund will provide insurance for about 112,500 new loans, a decrease of 37,500 over 1967.

5. The decrease of \$10,000,000 for the work-study program is proposed due to the program being absorbed by the Neighborhood Youth Corps.

Explanation of transfers

	1967 estimate	1968 estimate	Purpose
Comparative transfer to: Research and Training.	\$10,000,000	\$17,100,000	Transfer of the research program under sec. 4(c) of the Vocational Education Act of 1963 to "Research and training" will provide a more comprehensive, coordinated presentation of all research activities, and will more closely follow the organization and program management of this activity by the Office of Education.

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Allotment of Federal funds to States and outlying parts under the Vocational Education Act of 1963

State	1966 estimate	1967 estimate	1968 estimate
Total.....	\$159,699,202	\$198,225,000	\$199,309,000
Alabama.....	3,689,854	4,610,512	4,636,014
Alaska.....	190,309	245,236	246,599
Arizona.....	1,460,005	1,805,218	1,815,160
Arkansas.....	2,085,477	2,519,605	2,533,543
California.....	11,795,666	14,665,140	14,744,891
Colorado.....	1,583,685	1,946,059	1,956,723
Connecticut.....	1,745,306	2,171,198	2,182,931
Delaware.....	320,574	390,298	392,420
District of Columbia.....	447,871	546,495	549,388
Florida.....	5,020,861	6,199,468	6,233,186
Georgia.....	4,658,862	5,810,089	5,842,208
Hawaii.....	678,406	797,792	802,225
Idaho.....	728,277	890,996	895,924
Illinois.....	6,486,356	8,216,394	8,260,834
Indiana.....	3,938,841	4,907,895	4,934,691
Iowa.....	2,354,924	2,883,076	2,898,855
Kansas.....	1,926,087	2,391,526	2,404,596
Kentucky.....	3,384,097	4,131,417	4,154,239
Louisiana.....	3,633,210	4,537,243	4,562,306
Maine.....	748,587	1,189,505	1,196,041
Maryland.....	2,518,328	3,202,493	3,219,987
Massachusetts.....	3,465,002	4,351,359	4,374,944
Michigan.....	6,438,336	7,856,956	7,899,853
Minnesota.....	2,949,360	3,720,844	3,741,237
Mississippi.....	2,553,274	3,132,779	3,150,265
Missouri.....	3,459,553	4,274,571	4,297,804
Montana.....	646,697	796,156	800,540
Nebraska.....	1,221,721	1,508,981	1,517,230
Nevada.....	275,220	337,727	339,553
New Hampshire.....	564,526	722,359	726,303
New Jersey.....	4,203,065	5,340,073	5,368,887
New Mexico.....	1,064,813	1,302,460	1,309,689
New York.....	11,053,735	13,650,868	13,704,142
North Carolina.....	5,416,547	6,711,898	6,749,054
North Dakota.....	664,014	794,770	799,171
Ohio.....	7,980,551	9,793,732	9,847,047
Oklahoma.....	2,487,936	3,005,524	3,021,989
Oregon.....	1,533,844	1,965,985	1,976,733
Pennsylvania.....	9,046,388	11,185,718	11,246,252
Rhode Island.....	745,666	888,672	893,501
South Carolina.....	2,944,013	3,614,447	3,634,625
South Dakota.....	684,515	833,066	837,657
Tennessee.....	4,011,274	4,954,951	4,982,186
Texas.....	10,129,900	12,595,165	12,664,329
Utah.....	960,273	1,200,597	1,207,255
Vermont.....	373,162	482,651	485,305
Virginia.....	4,389,284	5,507,219	5,537,536
Washington.....	2,419,920	2,942,267	2,958,396
West Virginia.....	1,953,934	2,403,411	2,416,667
Wisconsin.....	3,368,713	4,173,147	4,195,956
Wyoming.....	277,390	340,700	342,570
American Samoa.....		35,423	35,625
Guam.....	71,972	107,156	107,759
Puerto Rico.....	2,904,753	3,599,103	3,619,252
Virgin Islands.....	44,268	56,610	56,927

State or territory (1)	Grand total (2)	Title I						Title II, practical nurse training (9)	Title III, technical education (10)
		Total (3)	Agriculture (4)	Distributive occupations (5)	Home economics (6)	Trades and industry (7)	Fishery trades and industry (8)		
		\$29,685,823	\$10,309,997	\$2,602,298	\$8,182,825	\$8,215,703	\$375,000	\$5,000,000	\$15,000,000
Grand total, including supplemental acts—	\$49,990,823								
Total	49,685,823								
Alabama	1,140,849	681,872	283,349	44,954	213,135	136,819	3,615	114,744	344,233
Alaska	259,576	157,500	40,000	15,000	40,000	40,000	22,500	25,519	76,557
Arizona	279,450	167,549	40,000	17,919	47,907	59,848	1,875	27,975	83,926
Arkansas	797,790	476,738	233,263	24,581	147,526	69,493	1,875	80,263	240,759
California	2,549,008	1,518,605	235,107	216,285	309,808	734,905	22,500	237,601	772,802
Colorado	434,455	200,066	89,720	24,136	66,636	77,699	1,875	43,507	130,792
Connecticut	461,753	276,134	40,000	34,887	79,425	119,947	1,875	46,405	139,214
Delaware	232,631	138,470	40,000	15,000	40,000	40,000	3,470	23,540	70,621
Florida	967,146	582,731	74,147	68,138	186,426	231,520	22,500	96,104	288,311
Georgia	1,291,071	772,847	286,460	54,261	254,730	168,921	8,475	129,556	388,608
Hawaii	230,196	138,137	40,000	15,000	40,000	40,000	3,137	23,015	69,044
Idaho	335,250	200,854	63,392	15,000	50,587	40,000	1,875	33,599	100,797
Illinois	2,130,336	1,271,961	395,878	138,727	280,445	454,728	2,183	214,504	643,781
Indiana	1,440,031	860,256	341,459	64,161	233,208	199,553	1,875	114,944	434,831
Iowa	1,327,878	792,837	465,787	37,947	187,127	100,101	1,875	133,760	401,281
Kansas	784,270	468,857	225,430	20,980	122,803	88,769	1,875	78,853	236,500
Kentucky	1,324,728	791,436	385,312	41,808	243,608	118,973	1,875	133,323	399,969
Louisiana	912,068	548,690	163,978	44,830	172,878	144,463	22,500	90,857	272,572
Maine	310,388	189,739	40,000	15,000	68,224	44,005	22,500	30,165	90,494
Maryland	666,815	401,578	77,479	42,669	122,368	122,870	16,192	66,309	198,928
Massachusetts	833,089	499,852	40,000	70,850	122,251	244,251	22,500	83,309	249,928
Michigan	1,798,634	1,073,878	310,134	107,655	301,140	332,080	2,269	181,189	543,567
Minnesota	1,312,335	783,718	413,253	46,978	186,588	135,024	1,875	132,129	396,388
Mississippi	1,163,305	697,603	381,807	29,973	196,130	78,125	11,568	116,425	349,277
Missouri	1,390,638	830,775	380,371	59,445	208,545	180,539	1,875	139,966	419,897
Montana	299,881	179,744	74,273	15,000	48,596	40,000	1,875	60,034	90,104
Nebraska	642,728	384,376	217,166	19,421	93,240	52,674	1,875	64,588	193,763
Nevada	228,058	136,875	40,000	15,000	40,000	40,000	1,875	22,796	68,387
New Hampshire	228,058	136,875	40,000	15,000	40,000	40,000	1,875	22,796	68,387
New Jersey	876,457	525,922	40,000	83,485	100,051	287,381	15,005	87,634	262,901

Footnote on p. 538.

Allocments to States and territories, George-Barden and supplemental acts, fiscal years 1967 and 1968 1—Continued

State or territory (1)	Grand total (2)	Title I						Title II, practical nurse training (9)	Title III, technical education (10)
		Total (3)	Agriculture (4)	Distributive occupations (5)	Home economics (6)	Trades and industry (7)	Fishery trades and industry (8)		
New Mexico	\$245,693	\$147,401	\$40,980	\$15,000	\$46,895	\$42,651	\$1,875	\$24,573	\$73,719
New York	2,700,384	1,615,680	228,411	230,941	354,971	786,244	10,013	271,176	813,528
North Carolina	2,032,605	1,212,984	568,575	62,697	397,977	179,046	4,689	204,880	614,641
North Dakota	434,085	259,845	143,764	15,000	59,206	40,000	1,875	43,560	130,680
Ohio	2,201,568	1,315,225	363,400	133,570	373,298	438,894	4,093	221,586	664,757
Oklahoma	735,384	439,679	182,132	32,040	124,772	98,860	1,875	73,926	221,779
Oregon	508,946	306,707	97,276	24,339	90,005	77,800	10,507	50,560	151,679
Pennsylvania	2,343,066	1,400,058	230,585	135,766	464,891	523,751	5,065	236,752	707,256
Rhode Island	231,350	138,253	40,000	13,000	40,000	40,872	2,381	23,274	69,823
South Carolina	973,362	581,229	246,985	32,787	202,470	97,050	1,937	98,033	294,100
South Dakota	436,475	261,271	144,671	15,000	59,725	40,000	1,875	43,801	131,403
Tennessee	1,426,595	852,004	412,688	49,087	245,971	142,383	1,875	143,648	430,943
Texas	2,357,417	1,412,938	488,465	131,826	345,666	424,481	22,500	236,120	708,359
Utah	228,854	137,350	40,000	15,000	40,000	40,475	1,875	22,876	68,628
Vermont	228,058	136,875	40,000	15,000	40,000	40,000	1,875	22,796	68,387
Virginia	1,294,292	774,600	279,355	54,589	254,808	170,512	15,506	129,923	389,769
Washington	723,517	436,578	114,817	39,263	131,487	128,511	22,500	71,735	215,204
West Virginia	604,758	361,713	85,062	25,601	166,073	83,102	1,875	60,761	182,284
Wisconsin	1,364,517	814,720	389,561	54,330	206,572	162,332	1,875	137,449	412,348
Wyoming	228,058	136,875	40,000	15,000	40,000	40,000	1,875	22,796	68,387
District of Columbia	228,058	136,875	40,000	15,000	40,000	40,000	1,875	22,796	68,387
American Samoa	1,875	1,875					1,875	13,509	40,626
Guam	55,910	1,875					1,875	142,127	426,381
Puerto Rico	1,423,432	854,924	543,505	32,332	189,326	75,331	14,430	6,754	20,263
Virgin Islands	28,892	1,875					1,875		
Total, supplemental acts	305,000								
American Samoa	80,000								
Guam	80,000								
Puerto Rico	105,000								
Virgin Islands	40,000								

¹ Based upon U.S. Census of Population, 1960.

*Vocational student loan assistance for reserve funds, fiscal year 1966 and 1967 ap-
propriation*

States and outlying areas	1966 appro- priation	1967 appro- priation	States and outlying areas	1966 appro- priation	1967 appro- priation
Total.....	\$850,000	\$1,025,000	New Hampshire.....	10,000	-----
Alabama.....	12,772	21,786	New Jersey.....	18,356	31,308
Alaska.....	10,000	-----	New Mexico.....	10,000	681
Arizona.....	10,000	3,759	New York.....	53,673	91,547
Arkansas.....	10,000	7,607	North Carolina.....	19,967	34,057
California.....	57,323	97,776	North Dakota.....	10,000	-----
Colorado.....	10,000	8,275	Ohio.....	33,942	57,895
Connecticut.....	10,000	11,099	Oklahoma.....	10,000	13,910
Delaware.....	10,000	-----	Oregon.....	10,000	6,034
Florida.....	17,279	29,471	Pennsylvania.....	37,201	63,453
Georgia.....	16,260	27,736	Rhode Island.....	10,000	-----
Hawaii.....	10,000	-----	South Carolina.....	10,902	18,596
Idaho.....	10,000	-----	South Dakota.....	10,000	-----
Illinois.....	34,134	58,221	Tennessee.....	14,385	24,537
Indiana.....	17,242	29,409	Texas.....	37,486	63,938
Iowa.....	10,000	15,899	Utah.....	10,000	86
Kansas.....	10,000	11,157	Vermont.....	10,000	-----
Kentucky.....	12,096	20,631	Virginia.....	17,115	29,192
Louisiana.....	12,664	21,599	Washington.....	10,155	17,321
Maine.....	10,000	-----	West Virginia.....	10,000	8,129
Maryland.....	11,132	18,987	Wisconsin.....	13,369	22,804
Massachusetts.....	17,798	30,357	Wyoming.....	10,000	-----
Michigan.....	26,696	45,533	District of Columbia.....	10,000	-----
Minnesota.....	11,893	20,286	American Samoa.....	10,000	-----
Mississippi.....	10,000	14,124	Guam.....	10,000	-----
Missouri.....	15,231	25,980	Puerto Rico.....	10,929	18,642
Montana.....	10,000	-----	Virgin Islands.....	10,000	-----
Nebraska.....	10,000	3,178	Trust territories.....	10,000	-----
Nevada.....	10,000	-----			

*Allotment of Federal funds to States under the Vocational Education Act of 1963—
Work-study programs*

States and outlying areas	1966 actual	1967 estimate ¹	States and outlying areas	1966 actual	1967 estimate ¹
Totals.....	\$25,000,000	\$10,000,000	Nebraska.....	185,443	72,916
Alabama.....	503,159	200,270	Nevada.....	45,575	19,977
Alaska.....	16,542	14,983	New Hampshire.....	68,995	33,462
Arizona.....	210,082	83,404	New Jersey.....	914,011	318,634
Arkansas.....	368,473	108,875	New Mexico.....	146,539	58,932
California.....	1,986,982	902,462	New York.....	3,030,795	827,049
Colorado.....	201,580	100,385	North Carolina.....	724,912	287,609
Connecticut.....	173,278	132,847	North Dakota.....	121,118	36,458
Delaware.....	72,246	24,472	Ohio.....	1,016,483	510,413
District of Columbia.....	75,214	30,964	Oklahoma.....	429,388	127,853
Florida.....	805,821	273,186	Oregon.....	247,689	100,884
Georgia.....	621,168	248,714	Pennsylvania.....	1,404,436	558,857
Hawaii.....	112,822	42,451	Rhode Island.....	146,707	43,450
Idaho.....	11,000	39,455	South Carolina.....	399,415	158,318
Illinois.....	1,237,149	497,428	South Dakota.....	34,565	36,957
Indiana.....	613,387	246,716	Tennessee.....	627,798	209,259
Iowa.....	300,000	140,339	Texas.....	1,601,011	559,357
Kansas.....	125,000	113,370	Utah.....	199,770	54,937
Kentucky.....	489,953	178,295	Vermont.....	-----	20,976
Louisiana.....	537,597	196,774	Virginia.....	235,000	242,721
Maine.....	43,571	52,440	Washington.....	402,008	159,816
Maryland.....	190,500	181,791	West Virginia.....	269,735	106,378
Massachusetts.....	733,300	253,209	Wisconsin.....	367,424	207,761
Michigan.....	1,037,441	421,515	Wyoming.....	59,706	17,979
Minnesota.....	447,397	180,792	American Samoa.....	-----	1,498
Mississippi.....	500,136	138,840	Guam.....	10,504	4,994
Missouri.....	462,063	215,252	Puerto Rico.....	424,054	162,813
Montana.....	2,700	37,956	Virgin Islands.....	8,358	2,497

¹ Distribution made on the basis of 15 to 20 age group population as of July 1, 1965.

BUDGET REQUEST

Senator HILL. Let's see. Mr. Grant Venn.

Mr. VENN. Yes, sir.

Senator HILL. Will you proceed, sir, on vocational education?

Mr. VENN. Yes, sir. We are requesting \$259,900,000 for expansion and improvement of vocational education in 1968, a net decrease of \$8,116,000 from the 1967 revised appropriation. This decrease results primarily from the work-study program which will be absorbed as part of the Neighborhood Youth Corps under the economic opportunity program.

Senator HILL. It will take that much of the financial responsibility from you?

Mr. VENN. Yes. Our estimate proposes \$249,300,000 for grants to States under the Vocational Education Act of 1963 and George-Barden and supplemental acts, an increase of \$1,084,000 over 1967.

With the passage of the Vocational Education Act of 1963, the States were enabled to revitalize the total program of vocational-technical education to meet the technological changes which have taken place in the national manpower needs.

VOCATIONAL TRAINING

Today, the ever changing and increasing manpower needs of our economy demand expansion of existing programs and development of new vocational education programs for training individuals to meet these needs.

The availability of funds for construction of area vocational education schools has been a great stimulus to the States in breaking through one of the most serious obstacles to the growth of vocational education—the lack of adequate facilities and equipment for providing training. It is estimated that of the amount requested, about \$60,573,000 will be used in 1968 to support 210 new area vocational school projects which will provide facilities for approximately 147,000 students. We further anticipate that the remaining \$188,727,000 will expand vocational education programs which will enroll over 6.5 million students.

STATE GRANTS FOR SCHOOL CONSTRUCTION

Under the provisions of the Appalachian Regional Development Act of 1965, grants are made to the States for construction of vocational education schools. We have funded and have on hand projects which will exceed the total amount appropriated. We have proposed legislation for the extension of the funding authorization to continue support of this program. The budget request of \$7 million will provide financial assistance for construction of vocational education facilities which are now in various planning stages.

The \$16 million previously appropriated plus the \$7 million requested would help support an estimated 72 projects providing facilities for training approximately 50,400 students.

Senator HILL. Do you have many applications in addition to these 72 projects?

Mr. VENN. Yes, sir. It has been increasing very rapidly in the latter part of 1966 and in 1967. It was slow in starting but it has gone up quite a bit now.

VOCATIONAL STUDENT LOAN INSURANCE

Our estimate of \$3,600,000 for the National Vocational Student Loan Insurance Act of 1965 will support interest payments in 1968 for approximately 262,500 students in postsecondary business, trade, technical, and vocational schools. As the demand for skilled technicians increases in our society, increasing numbers of young people will need and desire vocational training. The total 3-year authorization of \$1,875,000 for advances for State and nonprofit private reserve funds was appropriated in 1966 and 1967; therefore, we are requesting no funds for this activity in 1968.

Senator HILL. You are asking no money at all this year?

Mr. VENN. No; it will be a carryover.

WORK-STUDY PROGRAMS

Instead, we will utilize the Federal insurance fund to guarantee loans in those States which have totally committed their reserve funds.

The work-study programs authorized under the Vocational Education Act of 1963 provide employment for students enrolled in vocational classes who need financial assistance in order to continue their education. During 1966, about 85,100 needy students were provided employment to assist them in continuing their studies and completing their academic and vocational training. The \$10 million available in 1967 will support employment for approximately 35,000 students. We are not requesting funds for 1968, however, since this activity will be absorbed by the Neighborhood Youth Corps inschool program for which appropriations are included under the economic opportunity program.

We will be happy, Mr. Chairman, to answer any questions you may have.

Senator HILL. I was at a luncheon on Friday at which we had a number of educators; some come all the way from California, on this work-study program. They seemed to be very enthusiastic about it and made out an awfully good case for it.

Mr. VENN. Yes, sir. I think there has been good participation in the States on this program.

Senator HILL. Yes. It has met with good response, has it not?

Mr. VENN. Yes; it has.

NEIGHBORHOOD YOUTH CORPS INSCHOOL PROGRAM

Senator HILL. You say this coming fiscal year the Economic Opportunity Administration will provide the funds?

Mr. VENN. Yes. They have an inschool work-study program for needy students in that program and the vocational students which have been involved in the work-study program under the Vocational Education Act, would be eligible under the Neighborhood Youth Corps inschool program. It is anticipated that these youngsters then would be absorbed in this program and would have these finances available through that program in 1968.

LIBRARIES AND COMMUNITY SERVICES

STATEMENTS OF GRANT VENN, ASSOCIATE COMMISSIONER FOR ADULT AND VOCATIONAL EDUCATION; HAROLD HOWE II, COMMISSIONER OF EDUCATION; RAY FRY, DIRECTOR, DIVISION OF LIBRARY SERVICES AND EDUCATIONAL FACILITIES; JULES PAGANO, DIRECTOR, DIVISION OF ADULT EDUCATION PROGRAMS; JAMES ROBERTS, EXECUTIVE OFFICER, BUREAU OF ADULT AND VOCATIONAL EDUCATION; JACK FRANTZ, CHIEF, LIBRARY SERVICES AND CONSTRUCTION SECTION; NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOE G. KEEN, BUDGET OFFICER; EDMOND L. APPLEBAUM, ASSISTANT DIRECTOR, PROCESSING DEPARTMENT, LIBRARY OF CONGRESS; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

[GRANTS FOR PUBLIC] LIBRARIES AND COMMUNITY SERVICES

For grants [to the States] and payments pursuant to the Act of June 19, 1956, as amended (20 U.S.C., ch. 16, Public Laws 88-269 and 89-511), *titles I and II (except section 224) of the Higher Education Act of 1965, and the Adult Education Act of 1966, [\$76,000,000] \$165,950,000*, of which \$35,000,000 shall be for grants for public library services under title I of [such] *the Act of June 19, 1956, [\$40,000,000] \$27,185,000*, to remain available through June 30, [1968] 1969, shall be for grants for public library construction under title II of such Act, [and \$1,000,000 shall be used for grants to the States for developing State plans for purposes of titles III and IV of such Act, of which \$375,000 shall be for developing State plans for purposes of title III, \$375,000 shall be for developing State plans for purposes of part A of title IV, and \$250,000 shall be for developing State plans for purposes of part B of title IV] *\$2,375,000 shall be for grants for cooperative networks of libraries under title III of such Act, \$2,120,000 shall be for grants for State institutional library services under part A of title IV of such Act, \$1,320,000 shall be for library services to the physically handicapped under part B of title IV of such Act, \$16,500,000 shall be for grants for community service and continuing education programs under title I of the Higher Education Act of 1965, \$4,000,000 shall be for transfer to the Librarian of Congress for the acquisition and cataloging of library materials under part C of title II of such Act, and \$44,200,000 shall be for adult education programs under the Adult Education Act of 1966, of which \$32,200,000 shall be available for grants to States under section 306 of said Act, and \$12,000,000 shall be available for special experimental demonstration projects and teacher training under section 309 of said Act.*

EXPLANATION OF LANGUAGE CHANGES

The requested change in appropriation titles will more clearly define the library and community-oriented activities included in this account.

It is proposed to delete "to the States", and to include "and payments", "titles I and II (except section 224) of the Higher Education Act of 1965, and the Adult Education Act of 1966", and "\$16,500,000 shall be for grants for community service and continuing education programs under title I of the Higher Education Act of 1965, \$4,000,000 shall be for transfer to the Librarian of Congress for the acquisition and cataloging of library materials under part C of

title II of such Act, and \$44,200,000 shall be for adult education programs under the Adult Education Act of 1966, of which \$32,200,000 shall be available for grants to States under section 306 of said Act, and \$12,000,000 shall be available for special experimental demonstration projects and teacher training under section 309 of said Act." These changes will provide for transfer to this account of (1) the Higher Education Act programs of university extension under Title I and library improvement (except research) under Title II from "Higher Educational Activities" and (2) the Adult Education Act from "Elementary and Secondary Educational Activities" in order to provide a coordinated presentation of library and community-oriented programs. The Adult Education Act provides that between 10 and 20 percent of any year's appropriation be reserved for special experimental demonstration projects and teacher training under section 309. The proposed language will reserve an amount of \$12,000,000 from the total appropriation request of \$44,200,000 in 1968.

Substitution of "1969" for "1968" will assure that funds for public library construction remain available for two years in accordance with the Library Services and Construction Act Amendments of 1966.

It is also proposed to substitute "\$2,375,000 shall be for grants for cooperative networks of libraries under title III of such Act, \$2,120,000 shall be for grants for State institutional library services under part A of title IV of such Act, \$1,320,000 shall be for library services to the physically handicapped under part B of title IV of such Act" for the section immediately preceding it. This will provide program funds for the first year of operation of the new programs authorized by the Library Services and Construction Act Amendments of 1966. The 1967 language made special provision for State planning funds to implement these new Titles.

The remaining changes will provide more clarity and consistency in the legal citations.

Amounts available for obligation

	1967	1968
Appropriation.....	\$76,000,000	\$165,950,000
Comparative transfer from "Higher educational activities".....	41,750,000	
Comparative transfer from "Elementary and secondary educational activities".....	29,200,000	
Total obligations.....	146,950,000	165,950,000

Obligations by activities

	1967 estimate	1968 estimate	Increase or decrease
Library services.....	\$36,000,000	\$40,815,000	+\$4,815,000
Construction of public libraries.....	40,000,000	27,185,000	-\$12,815,000
College library resources.....	25,000,000	25,000,000	
Acquisition and cataloging by Library of Congress.....	3,000,000	4,000,000	+1,000,000
Librarian training.....	3,750,000	8,250,000	+4,500,000
University community service programs.....	10,000,000	16,500,000	+6,500,000
Adult basic education.....	29,200,000	44,200,000	+15,000,000
Total obligations.....	146,950,000	165,950,000	+19,000,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
25.2 Services of other agencies.....	\$3,000,000	\$4,000,000	+\$1,000,000
41.0 Grants, subsidies, and contributions.....	143,950,000	161,950,000	+18,000,000
Total obligations by object.....	146,950,000	165,950,000	+19,000,000

Summary of changes

1967 enacted appropriation-----	\$76,000,000
Comparative transfers from—	
“Higher Educational Activities”-----	41,750,000
“Elementary and Secondary Educational Activities”-----	29,200,000
1967 revised appropriation-----	146,950,000
1968 estimated appropriation-----	165,950,000
Total change-----	+19,000,000

Increases	Base	Changes from base
Program:		
1. Library services:		
(a) Interlibrary cooperation-----	\$375,000	\$2,000,000
(b) State institutional library services-----	375,000	1,745,000
(c) Library services for physically handicapped-----	250,000	1,070,000
2. Acquisition and cataloging by Library of Congress-----	3,000,000	1,000,000
3. Librarian training-----	3,750,000	4,500,000
4. University community service program-----	10,000,000	6,500,000
5. Adult basic education-----	29,200,000	15,000,000
Total program increases-----		+31,815,000
Decrease: Construction of public libraries-----	40,000,000	-12,815,000
Total net changes requested-----		+19,000,000

EXPLANATION OF CHANGES

1. An increase of \$2,000,000 will provide a total of \$2,375,000 for interlibrary cooperation to enable varieties of libraries serving educational institutions and the public to provide higher levels of service by more effective utilization of existing and augmented sources.

2. An increase of \$1,745,000 will provide a total of \$2,120,000 for State institutional library services to strengthen library services and provide books to institutional patients, inmates, and residents.

3. An additional amount of \$1,070,000 will result in a total of \$1,320,000 for library services for the handicapped and will provide braille, large print, recorded books, and other non-conventional library materials to about 70,000 physically handicapped who cannot otherwise use conventional printed materials.

4. An increase of \$1,000,000 will provide a total of \$4,000,000 to expand the college and research library resources program under the Library of Congress.

5. For librarian training, an additional amount of \$4,500,000 will result in a total of \$8,250,000. About 4,083 persons will be trained in the information sciences in 1968, an increase of 3,488 over 1967.

6. For university community service programs an increase of \$6,500,000 will result in a total program level of \$16,500,000 for approximately 825 community service programs in 1968 to assist in the solution of community problems—an increase of 325 over 1967.

7. An increase of \$15,000,000 for the adult basic education program will provide a total program level of \$44,200,000 and will provide for 1,875 teachers to be trained and 345,900 participants to be reached in adult educational programs—an increase of 415 teachers and 76,500 participants over 1967.

8. A decrease of \$12,815,000 will provide a total of \$27,185,000 for construction of 330 new library projects.

TITLE I—GRANTS FOR LIBRARY SERVICES

Fiscal year 1966 actual, and 1967 and 1968 estimated Federal allotments and matching State and local expenditures

States and outlying parts	1966 actual	1967 estimate		1968 estimate	
		Federal allotment	State and local matching	Federal allotment ¹	State and local matching
Total.....	\$25,000,000	\$35,000,000	\$36,768,740	\$35,000,000	\$36,244,179
Alabama.....	457,209	633,492	326,344	633,492	333,376
Alaska.....	124,540	136,935	190,270	136,935	194,627
Arizona.....	242,753	312,656	252,419	312,656	246,657
Arkansas.....	295,598	391,716	201,793	391,716	201,793
California.....	1,816,318	2,666,778	4,172,868	2,666,778	4,057,322
Colorado.....	290,309	386,437	405,929	386,437	383,818
Connecticut.....	377,356	514,029	955,885	514,029	863,696
Delaware.....	149,324	172,884	346,911	172,884	272,923
District of Columbia.....	184,001	224,762	456,335	224,762	456,335
Florida.....	641,126	908,640	695,315	908,640	715,091
Georgia.....	531,043	743,951	438,613	743,951	472,451
Hawaii.....	169,681	203,338	210,876	203,338	232,635
Idaho.....	173,438	208,959	138,726	208,959	152,875
Illinois.....	1,201,080	1,746,355	2,641,471	1,746,355	2,558,193
Indiana.....	609,571	861,433	859,368	861,433	892,656
Iowa.....	401,624	550,334	476,792	550,334	495,531
Kansas.....	338,426	455,789	398,709	455,789	426,838
Kentucky.....	432,256	596,161	339,140	596,161	351,329
Louisiana.....	456,147	631,904	354,522	631,904	380,438
Maine.....	205,168	258,291	180,755	258,291	178,601
Maryland.....	439,082	606,374	776,147	606,374	731,314
Massachusetts.....	658,637	940,815	1,310,477	940,815	1,195,459
Michigan.....	954,597	1,377,606	1,425,255	1,377,606	1,604,225
Minnesota.....	470,415	657,518	591,330	657,518	608,644
Mississippi.....	338,375	455,712	234,761	455,712	234,761
Missouri.....	568,713	805,469	831,663	805,469	745,568
Montana.....	174,265	210,196	171,009	210,196	170,043
Nebraska.....	254,669	330,484	302,142	330,484	291,428
Nevada.....	131,748	146,589	290,078	146,589	248,530
New Hampshire.....	166,859	199,116	179,288	199,116	177,072
New Jersey.....	762,865	1,090,767	1,638,198	1,090,767	1,607,815
New Mexico.....	204,422	255,312	168,302	255,312	175,449
New York.....	1,932,585	2,840,719	4,615,236	2,840,719	4,318,351
North Carolina.....	597,962	844,066	486,429	844,066	496,572
North Dakota.....	132,866	203,285	141,266	203,285	137,340
Ohio.....	1,160,170	1,685,152	1,749,028	1,685,152	1,774,409
Oklahoma.....	354,765	480,232	327,423	480,232	334,964
Oregon.....	232,403	388,844	400,847	388,844	394,326
Pennsylvania.....	1,336,244	1,948,566	1,960,293	1,948,566	1,947,008
Rhode Island.....	194,429	240,363	238,925	240,363	253,297
South Carolina.....	360,694	489,102	251,961	489,102	251,961
South Dakota.....	174,892	211,135	143,535	211,135	132,453
Tennessee.....	487,040	682,542	383,430	682,542	390,806
Texas.....	1,139,425	1,664,458	1,243,400	1,664,458	1,242,892
Utah.....	197,829	245,448	188,820	245,448	192,461
Vermont.....	143,166	163,671	124,380	163,671	116,108
Virginia.....	533,644	747,843	536,449	747,843	577,180
Washington.....	412,067	565,959	602,171	565,959	637,441
West Virginia.....	303,693	403,825	249,085	403,825	233,525
Wisconsin.....	531,988	745,365	707,872	745,365	717,856
Wyoming.....	136,637	153,903	158,654	153,903	139,861
American Samoa.....	28,275	28,275	14,566	28,275	14,566
Guam.....	32,470	35,949	18,519	35,949	18,519
Puerto Rico.....	354,933	483,704	249,181	483,704	249,181
Virgin Islands.....	28,483	30,242	15,579	30,242	15,579
Trust territory.....		36,550		36,550	

¹ Distribution of \$35,000,000 with basic allotment of \$100,000 to the 50 States, D.C., and Puerto Rico, and \$25,000 to the other outlying areas; the remainder distributed on the basis of total population, Apr. 1, 1960 (except trust territory).

TITLE III—INTERLIBRARY COOPERATION

Fiscal year 1967 and 1968 estimated obligations

State	1967 estimate	1968 estimate ¹	State	1967 estimate	1968 estimate ¹
Total.....	\$375,000	\$2,375,000	Nevada.....	\$7,075	\$40,400
Alabama.....	7,075	44,580	New Hampshire.....	7,075	40,851
Alaska.....	7,075	40,317	New Jersey.....	7,075	48,507
Arizona.....	7,075	41,826	New Mexico.....	7,075	41,333
Arkansas.....	7,075	42,505	New York.....	7,075	63,531
California.....	7,075	62,037	North Carolina.....	7,075	46,388
Colorado.....	7,075	42,459	North Dakota.....	7,075	40,887
Connecticut.....	7,075	43,555	Ohio.....	7,075	53,610
Delaware.....	7,075	40,626	Oklahoma.....	7,075	43,265
District of Columbia.....	7,075	41,071	Oregon.....	7,075	42,480
Florida.....	7,075	46,943	Pennsylvania.....	7,075	55,871
Georgia.....	7,075	45,529	Rhode Island.....	7,075	41,205
Hawaii.....	7,075	40,887	South Carolina.....	7,075	43,341
Idaho.....	7,075	40,936	South Dakota.....	7,075	40,954
Illinois.....	7,075	54,135	Tennessee.....	7,075	45,002
Indiana.....	7,075	46,538	Texas.....	7,075	53,432
Iowa.....	7,075	43,867	Utah.....	7,075	41,249
Kansas.....	7,075	43,055	Vermont.....	7,075	40,547
Kentucky.....	7,075	44,260	Virginia.....	7,075	45,562
Louisiana.....	7,075	44,567	Washington.....	7,075	44,001
Maine.....	7,075	41,359	West Virginia.....	7,075	42,609
Maryland.....	7,075	44,348	Wisconsin.....	7,075	45,541
Massachusetts.....	7,075	47,219	Wyoming.....	7,075	40,463
Michigan.....	7,075	50,969	American Samoa.....	1,775	10,028
Minnesota.....	7,075	44,787	Guam.....	1,775	10,094
Mississippi.....	7,075	43,054	Puerto Rico.....	7,075	43,294
Missouri.....	7,075	46,057	Virgin Islands.....	1,775	10,045
Montana.....	7,075	40,946	Trust territories.....	1,775	10,099
Nebraska.....	7,075	41,979			

¹ Distribution: Basic amount of \$40,000 to the 50 States, the District of Columbia, and Puerto Rico; \$10,000 each to American Samoa, Guam, trust territory, and Virgin Islands; balance distributed on total resident population Apr. 1, 1960, except trust territory, 1958. "Federal share" for trust territory is 100 percent; all others 50 percent.

TITLE IV A AND B—SPECIALIZED STATE LIBRARY SERVICES

Fiscal year 1967 and 1968 estimated obligations

State	Part A, State institutional services		Part B, services for physically handicapped	
	1967 estimate	1968 estimate ¹	1967 estimate	1968 estimate ²
Total.....	\$375,000	\$2,120,000	\$250,000	\$1,320,000
Alabama.....	7,075	40,000	4,735	25,000
Alaska.....	7,075	40,000	4,735	25,000
Arizona.....	7,075	40,000	4,735	25,000
Arkansas.....	7,075	40,000	4,735	25,000
California.....	7,075	40,000	4,735	25,000
Colorado.....	7,075	40,000	4,735	25,000
Connecticut.....	7,075	40,000	4,735	25,000
Delaware.....	7,075	40,000	4,735	25,000
District of Columbia.....	7,075	40,000	4,735	25,000
Florida.....	7,075	40,000	4,735	25,000
Georgia.....	7,075	40,000	4,735	25,000
Hawaii.....	7,075	40,000	4,735	25,000
Idaho.....	7,075	40,000	4,735	25,000
Illinois.....	7,075	40,000	4,735	25,000
Indiana.....	7,075	40,000	4,735	25,000
Iowa.....	7,075	40,000	4,735	25,000
Kansas.....	7,075	40,000	4,735	25,000
Kentucky.....	7,075	40,000	4,735	25,000
Louisiana.....	7,075	40,000	4,735	25,000
Maine.....	7,075	40,000	4,735	25,000
Maryland.....	7,075	40,000	4,735	25,000
Massachusetts.....	7,075	40,000	4,735	25,000
Michigan.....	7,075	40,000	4,735	25,000
Minnesota.....	7,075	40,000	4,735	25,000
Mississippi.....	7,075	40,000	4,735	25,000
Missouri.....	7,075	40,000	4,735	25,000
Montana.....	7,075	40,000	4,735	25,000
Nebraska.....	7,075	40,000	4,735	25,000
Nevada.....	7,075	40,000	4,735	25,000
New Hampshire.....	7,075	40,000	4,735	25,000
New Jersey.....	7,075	40,000	4,735	25,000
New Mexico.....	7,075	40,000	4,735	25,000
New York.....	7,075	40,000	4,735	25,000
North Carolina.....	7,075	40,000	4,735	25,000
North Dakota.....	7,075	40,000	4,735	25,000
Ohio.....	7,075	40,000	4,735	25,000
Oklahoma.....	7,075	40,000	4,735	25,000
Oregon.....	7,075	40,000	4,735	25,000
Pennsylvania.....	7,075	40,000	4,735	25,000
Rhode Island.....	7,075	40,000	4,735	25,000
South Carolina.....	7,075	40,000	4,735	25,000
South Dakota.....	7,075	40,000	4,735	25,000
Tennessee.....	7,075	40,000	4,735	25,000
Texas.....	7,075	40,000	4,735	25,000
Utah.....	7,075	40,000	4,735	25,000
Vermont.....	7,075	40,000	4,735	25,000
Virginia.....	7,075	40,000	4,735	25,000
Washington.....	7,075	40,000	4,735	25,000
West Virginia.....	7,075	40,000	4,735	25,000
Wisconsin.....	7,075	40,000	4,735	25,000
Wyoming.....	7,075	40,000	4,735	25,000
American Samoa.....	1,775	10,000	945	5,000
Guam.....	1,775	10,000	945	5,000
Puerto Rico.....	7,075	40,000	4,735	25,000
Virgin Islands.....	1,775	10,000	945	5,000
Trust territories.....	1,775	10,000	945	5,000

¹ Distribution: Basic amount only of \$40,000 to each of the 50 States, the District of Columbia, and Puerto Rico; \$10,000 each to American Samoa, Guam, trust territory, and Virgin Islands. This distribution is "Federal share" amount only except for trust territory where "Federal share" is 100 percent.

² Distribution: Basic amount only of \$25,000 to 50 States, the District of Columbia, and Puerto Rico; \$5,000 each to American Samoa, Guam, trust territory, and Virgin Islands. This distribution is "Federal share" amount only except for trust territory where "Federal share" is 100 percent.

TITLE II—CONSTRUCTION OF PUBLIC LIBRARIES

Fiscal year 1966 actual, and 1967 and 1968 estimated Federal allotments and matching State and local expenditures

States and outlying parts	1966 actual	1967 estimate		1968 estimate	
		Federal allotment	State and local matching	Federal allotment ¹	State and local matching
Totals.....	\$29,778,368	\$40,000,000	\$42,220,213	\$27,185,000	\$28,137,489
Alabama.....	543,258	722,345	372,117	492,154	258,997
Alaska.....	121,375	124,472	172,952	108,535	154,262
Arizona.....	281,260	336,046	271,303	244,289	192,722
Arkansas.....	340,072	431,238	222,153	305,368	157,311
California.....	2,500,505	3,170,504	4,961,079	2,062,987	3,138,695
Colorado.....	329,767	424,882	446,313	301,290	299,248
Connecticut.....	457,590	578,508	1,075,790	399,862	671,867
Delaware.....	1,083	167,755	336,619	136,307	215,181
District of Columbia.....	203,970	230,218	467,412	176,386	358,117
Florida.....	643,741	1,053,635	806,268	704,722	554,609
Georgia.....	680,700	855,342	504,286	577,490	366,738
Hawaii.....	173,176	204,423	212,002	159,835	182,865
Idaho.....	185,567	211,191	140,208	164,177	120,112
Illinois.....	1,634,915	2,062,277	3,119,323	1,351,905	1,980,373
Indiana.....	741,191	996,796	994,406	668,252	692,473
Iowa.....	510,146	622,220	539,071	427,909	385,297
Kansas.....	421,233	578,384	444,717	354,868	332,328
Kentucky.....	553,242	677,398	333,354	463,314	273,041
Louisiana.....	569,241	720,434	404,190	490,928	295,563
Maine.....	167,432	270,588	189,361	202,289	139,878
Maryland.....	562,847	689,694	882,796	471,204	568,293
Massachusetts.....	846,552	1,092,375	1,321,587	729,579	927,049
Michigan.....	1,288,134	1,618,290	1,674,263	1,067,026	1,242,554
Minnesota.....	610,945	751,275	675,648	510,716	472,755
Mississippi.....	421,161	508,292	261,847	334,809	182,780
Missouri.....	544,754	999,413	959,638	625,016	578,558
Montana.....	190,271	212,681	173,030	165,133	133,588
Nebraska.....	303,394	357,513	326,853	258,063	227,566
Nevada.....	137,453	136,095	269,312	115,993	196,656
New Hampshire.....	105,000	199,340	179,489	156,573	139,238
New Jersey.....	1,018,332	1,272,923	1,911,773	845,426	1,246,177
New Mexico.....	70,000	267,001	176,007	199,987	137,430
New York.....	2,664,085	3,379,936	5,491,287	2,197,367	3,340,352
North Carolina.....	786,879	975,836	562,395	654,835	385,246
North Dakota.....	169,687	204,359	142,012	159,794	107,957
Ohio.....	1,130,253	1,988,588	2,063,965	1,304,623	1,373,724
Oklahoma.....	410,175	537,815	366,684	373,752	260,693
Oregon.....	47,535	427,780	440,986	303,149	307,423
Pennsylvania.....	1,825,081	2,305,749	2,319,625	1,508,126	1,506,920
Rhode Island.....	218,640	249,003	247,513	188,439	198,579
South Carolina.....	452,087	548,494	282,557	380,604	196,069
South Dakota.....	191,154	213,811	145,354	165,858	104,049
Tennessee.....	622,596	781,404	438,967	530,048	303,492
Texas.....	1,438,499	1,963,670	1,466,920	1,288,635	962,256
Utah.....	223,423	255,126	196,265	192,367	150,839
Vermont.....	146,518	156,663	119,055	129,190	91,647
Virginia.....	516,423	860,029	616,923	580,497	448,023
Washington.....	303,667	641,033	682,049	439,980	495,550
West Virginia.....	365,392	445,818	274,987	314,723	181,999
Wisconsin.....	693,558	857,046	813,935	578,582	557,229
Wyoming.....	137,332	144,902	149,375	121,643	110,545
American Samoa.....	31,957	23,943	12,334	22,530	11,606
Guam.....	247,500	33,183	17,094	28,459	14,661
Puerto Rico.....	25,050	541,995	279,209	376,434	193,920
Virgin Islands.....	25,050	26,312	13,555	24,050	12,389
Trust territory.....	-----	33,907	-----	28,923	-----

¹ Distribution: Basic amount of \$80,000 to the 50 States, District of Columbia, and Puerto Rico; \$20,000 to American Samoa, Guam, trust territory, and Virgin Islands; balance distributed on total resident population, Apr. 1, 1960, trust territory, 1958; Federal share for trust territory is 100 percent.

University community service programs

State	1966 actual	1967 estimate	1968 estimate
Total.....	\$9,239,258	\$10,000,000	\$16,500,000
Alabama.....	184,730	185,126	300,402
Alaska.....	60,982	106,520	115,349
Arizona.....	138,334	138,461	190,543
Arkansas.....	147,954	147,398	211,584
California.....	546,970	549,393	1,157,945
Colorado.....	147,855	147,594	212,043
Connecticut.....	168,827	169,107	262,690
Delaware.....	112,267	112,283	128,916
District of Columbia.....	105,000	119,584	146,105
Florida.....	239,732	241,536	433,199
Georgia.....	206,196	207,226	352,428
Hawaii.....	117,510	117,338	140,816
Idaho.....	117,015	116,923	139,839
Illinois.....	360,743	359,848	711,726
Indiana.....		219,485	381,287
Iowa.....	168,283	167,349	258,551
Kansas.....	155,077	154,895	229,232
Kentucky.....	178,151	177,483	282,408
Louisiana.....	186,214	186,934	304,656
Maine.....	124,459	124,078	156,683
Maryland.....	185,101	186,299	303,161
Massachusetts.....	231,274	230,913	408,191
Michigan.....	301,635	303,097	578,125
Minnesota.....	187,178	186,982	304,771
Mississippi.....	135,265	156,385	232,739
Missouri.....	210,623	209,693	358,234
Montana.....		117,167	140,414
Nebraska.....	136,355	135,628	183,874
Nevada.....		110,598	124,950
New Hampshire.....	116,298	116,434	138,689
New Jersey.....	264,810	265,589	489,824
New Mexico.....	125,053	124,761	158,292
New York.....	541,949	542,140	1,140,872
North Carolina.....	220,046	220,510	383,701
North Dakota.....	116,075	115,922	137,482
Ohio.....	351,023	350,080	688,731
Oklahoma.....	160,864	159,779	240,730
Oregon.....	146,495	147,325	211,411
Pennsylvania.....	384,188	382,852	765,880
Rhode Island.....	122,407	121,758	151,221
South Carolina.....	162,373	162,270	246,593
South Dakota.....		116,752	139,427
Tennessee.....	193,954	194,015	321,337
Texas.....	356,959	358,627	708,852
Utah.....	124,064	124,273	157,143
Vermont.....	109,794	109,865	123,225
Virginia.....	208,002	207,934	354,095
Washington.....	173,378	172,599	270,911
West Virginia.....	145,110	144,321	204,340
Wisconsin.....	201,621	201,097	337,999
Wyoming.....	108,359	108,058	118,971
American Samoa.....		25,513	26,207
Guam.....	26,702	26,856	29,369
Puerto Rico.....		89,297	176,365
Virgin Islands.....	26,004	26,050	27,472

ADULT EDUCATION ACT OF 1966

Fiscal year 1966 actual and 1967 and 1968 estimated obligations

State	1966 actual ¹	1967 estimate	1968 estimate ²
Total.....	\$34,122,227	\$26,280,000	\$32,200,000
Alabama.....	879,851	825,067	1,013,533
Alaska.....	45,000	50,000	50,000
Arizona.....	462,878	208,952	256,681
Arkansas.....	392,949	451,385	554,492
California.....	1,823,170	1,534,703	1,885,268
Colorado.....	183,552	132,314	162,538
Connecticut.....	392,234	303,712	373,087
Delaware.....	100,000	50,000	58,225
District of Columbia.....	174,214	99,040	121,664
Florida.....	888,277	797,859	980,111
Georgia.....	1,363,872	1,062,932	1,305,733
Hawaii.....	195,580	114,819	141,046
Idaho.....	25,000	50,000	50,000
Illinois.....	1,578,622	1,154,714	1,418,480
Indiana.....	209,674	397,849	488,728
Iowa.....	217,074	156,454	192,192
Kansas.....	139,135	136,324	167,464
Kentucky.....	1,321,382	687,872	845,000
Louisiana.....	1,903,379	989,954	1,216,085
Maine.....	109,880	78,167	96,022
Maryland.....	396,466	437,678	537,655
Massachusetts.....	722,035	551,771	677,810
Michigan.....	2,166,918	756,943	929,848
Minnesota.....	158,088	220,930	271,396
Mississippi.....	331,525	620,835	762,650
Missouri.....	454,954	545,372	669,949
Montana.....	11,629	50,000	59,141
Nebraska.....	132,307	91,590	112,511
Nevada.....	95,500	50,000	50,000
New Hampshire.....	80,000	50,000	55,293
New Jersey.....	1,116,469	812,280	997,826
New Mexico.....	111,400	160,565	197,242
New York.....	3,698,061	2,415,744	2,967,561
North Carolina.....	1,383,963	1,184,757	1,455,386
North Dakota.....	62,269	58,354	71,683
Ohio.....	702,639	940,582	1,155,435
Oklahoma.....	461,198	324,969	399,201
Oregon.....	92,394	106,636	130,994
Pennsylvania.....	1,367,016	1,407,531	1,729,047
Rhode Island.....	106,158	108,793	133,644
South Carolina.....	1,344,326	711,266	873,738
South Dakota.....	12,700	50,000	60,194
Tennessee.....	1,173,997	858,743	1,054,901
Texas.....	3,913,736	2,041,667	2,508,035
Utah.....	100,004	50,000	50,000
Vermont.....	123,364	50,000	50,000
Virginia.....	132,847	876,732	1,076,999
Washington.....	174,674	174,829	214,765
West Virginia.....	417,293	337,593	414,708
Wisconsin.....	23,869	376,123	462,039
Wyoming.....	70,000	50,000	50,000
American Samoa.....		22,600	
Guam.....	28,480	22,600	
Puerto Rico.....	479,745	435,200	644,000
Virgin Islands.....	32,480	22,600	
Trust territories.....		22,600	

¹ Includes \$14,443,164 carryover from fiscal year 1965 appropriation.² Distribution of \$31,556,000 to 50 States and the District of Columbia with a minimum of \$50,000 on the basis of the population 18 and over with less than 6 grades of school completed. 2 percent (\$644,000) reserved for distribution to the outlying areas.

1967 APPROPRIATION AND 1968 BUDGET REQUEST

Senator HILL. In 1968. Are you going to address yourself now to "Libraries and community services"?

Mr. VENN. Yes, sir. We are requesting \$165,950,000 for libraries and community service programs. This account includes the Library Services and Construction Act, the adult basic education program, and the programs of community services and college libraries under the Higher Education Act. Our 1968 request represents an increase of \$19 million over the 1967 revised appropriation of \$146,950,000.

The estimate of \$40,815,000 for library services represents an increase of \$4,815,000 under titles I, III, and IV of the Library Services and Construction Act.

CONTRIBUTION OF LIBRARY PROGRAM TO EDUCATION AND CULTURE

Since the inception of the public library services program in 1956, title I has made a most significant contribution toward meeting the educational and cultural needs of our citizens of all ages. However, the rising costs of books as well as our spiraling population, are placing increasing demands on our public libraries.

The 1968 request of \$35 million will help make these services available to about 85 million persons and will provide approximately 8 million additional books and other materials. Increasing emphasis will be given to hard-core problems which challenge our society, such as the disadvantaged in urban slums, in the Appalachian region, and in other rural areas.

1966 AMENDMENT PROGRAMS

The 1966 amendments added three new programs to the act—title III, interlibrary cooperation; title IV-A, State institutional library services; and title IV-B, library services for the physically handicapped. One million dollars was appropriated in 1967 for planning funds for the development of State plans for these new programs. The 1968 request will enable the States to put these plans into operation.

Senator HILL. Do most of the States go on with this spending?

Mr. VENN. Yes, sir; most of the States have now requested the planning money in 1967.

INTERLIBRARY COOPERATION (TITLE III)

The estimate of \$2,375,000 for title III will assist States in establishing and maintaining library networks at the local, regional, State, and interstate levels, and will provide better library services to about 2 million persons. It will also help to assure that the various forms of Federal support for libraries are invested most efficiently and effectively.

STATE INSTITUTIONAL LIBRARY SERVICES (TITLE IV-A)

Under title IV-A, the request of \$2,120,000 will provide books and other services to persons in about 500 hospitals, prisons, and other

State institutions who, because of their confinement, are unable to use regular community services.

LIBRARY SERVICES FOR PHYSICALLY HANDICAPPED (TITLE IV-B)

We are seeking \$1,320,000 for title IV-B to provide special services for some 70,000 physically handicapped individuals who cannot use conventionally printed books, magazines, and newspapers due to impaired vision or other physical factors.

PUBLIC LIBRARY CONSTRUCTION (TITLE II)

If we are to accommodate the increases in materials and services, we must provide the necessary space. Moreover, many of our existing libraries are insufficient and obsolete. For the construction of public libraries under title II of the Library Services and Construction Act, we are requesting \$27,185,000. These funds will help support about 330 projects for new library buildings and for alteration and expansion of existing facilities.

Senator HILL. Let me ask you a question. So many of our libraries were constructed from the Carnegie Foundation Fund. They are almost all gone, aren't they?

Mr. VENN. Yes.

Senator HILL. Certainly not used for libraries; is that right?

Mr. VENN. That is right.

GRANTS TO INSTITUTIONS OF HIGHER EDUCATION FOR LIBRARY MATERIALS (TITLE II, PART A)

A quality college education is dependent on the availability of adequate library resources to both students and teachers. Part A of title II of the Higher Education Act provides grants to institutions of higher education for the acquisition of library materials such as books, periodicals, documents, magnetic tapes, phonograph records, and audiovisual materials. The request of \$25 million will support about 2,000 basic grants, 800 supplemental grants, and 350 special purpose grants.

Senator HILL. When you speak of public grants—

Mr. VENN. This might be a new department in a graduate school, say in Asiatic studies, where they do not have the materials and they have a need for the materials to get that program started.

ACQUISITION AND CATALOGING BY THE LIBRARY OF CONGRESS

The request includes \$4 million, an increase of \$1 million over 1967, for transfer to the Library of Congress under title II-C of the Higher Education Act, for the acquisition and cataloging of library materials published throughout the world. This assistance benefits hundreds of libraries throughout the country by eliminating duplicate efforts costing millions of dollars.

LIBRARIAN TRAINING

There exists a critical shortage of professionally trained librarians in school, public, and college libraries. In fact, it is estimated that we should double the current number of such personnel in order to provide minimum quality services. Our requests includes \$8,250,000 for

grants to institutions of higher education for training in librarianship under title II, part B, of the Higher Education Act. These funds will support about 595 fellowships and provide summer institute training for about 3,488 persons for school, public, academic, and special libraries.

COMMUNITY SERVICE PROGRAMS

For grants to States for community service and continuing education programs under title I of the Higher Education Act, we are requesting \$16,500,000.

Programs dealing with community problems such as housing, poverty, government, employment, youth activities, and health are carried out at the local community level by the extension services of higher education institutions. The estimate will support about 825 programs involving 500 institutions. The program deals primarily with urban and suburban problems, and provides a very real opportunity to involve the resources of our colleges and universities in their solution.

ADULT BASIC EDUCATION

For adult basic education programs authorized by the Adult Education Act of 1966, we are requesting \$44,200,000. Prior to the 1966 act, funds for these programs were appropriated to the Office of Economic Opportunity and were transferred to the Office of Education. The 1966 act gave authority for administration of the program to the Office of Education, including direct appropriation. The 1966 act continues the grants to States for basic education of adults and the teacher training programs, and authorizes a new special projects program. The request will help support training programs for about 345,900 adult illiterates in order to improve their opportunities for gainful employment, an increase of 76,500 over 1967.

In addition, training will be provided for about 1,875 teachers in this area; and about 52,500 adults will participate in special projects designed to promote a comprehensive approach to the problems of the educationally disadvantaged. In the past, most adult basic education classes have had to use materials developed for children. Under the special projects, materials aimed specifically at the interests, and needs of the undereducated adult will be developed and tested.

We will be happy to answer any questions you may have.

1967 APPROPRIATION AND 1968 BUDGET REQUEST

Senator HILL. How does your budget for 1968 compare with what you are doing now in 1967?

Mr. VENN. Our budget in 1968 is increased from \$30 million including administration to \$44,200,000.

Senator HILL. You mean the budget for 1967 is \$30 million?

Mr. VENN. Yes.

Senator HILL. And your increase is some \$14,200,000?

Mr. VENN. Yes, sir.

Senator HILL. Well, it is very interesting as you speak of library services to recall what a terrific battle we had passing the basic act. It didn't find very much money compared to what we have now. We had quite a battle.

All right, sir. You made a good statement. You have given us the picture, I think.

EDUCATIONAL IMPROVEMENT FOR THE HANDICAPPED

STATEMENTS OF J. WILLIAM RIOUX, ACTING ASSOCIATE COMMISSIONER, BUREAU FOR EDUCATION OF THE HANDICAPPED; HAROLD HOWE II, COMMISSIONER OF EDUCATION; JOHN A. GOUGH, ACTING DIRECTOR, DIVISION OF EDUCATIONAL SERVICES; JAMES W. MOSS, ACTING DIRECTOR, DIVISION OF RESEARCH; RICHARD C. SCHOFER, ACTING DIRECTOR, DIVISION OF PERSONNEL TRAINING; BERTRAM I. WEINER, ACTING EXECUTIVE OFFICER; NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOE G. KEEN, BUDGET OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

"EDUCATIONAL IMPROVEMENTS FOR THE HANDICAPPED

"For grants for training and research and demonstrations with respect to handicapped children pursuant to the Act of September 6, 1958, as amended (20 U.S.C. 611-617), and section 302 of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 [(Public Law 88-164)], as amended [(79 Stat. 429), \$32,600,000] (20 U.S.C. 618) ; for expenses necessary to carry out the Act of September 2, 1958, as amended (42 U.S.C. 2491-2494) ; and for grants to States under title VI of the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. 871-880), \$53,400,000."

EXPLANATION OF LANGUAGE CHANGES

It is requested that the following phrase be included: "for expenses necessary to carry out the Act of September 2, 1958, as amended (42 U.S.C. 2491-2494)". This change will transfer the program of Captioned Films for the Deaf from the appropriation "Salaries and Expenses" to this account.

The remaining change to include grants to States under title VI of the Elementary and Secondary Education Act of 1965, as amended, would provide for pre-school and school programs under this appropriation and provide for a more co-ordinated presentation of the handicapped programs.

Amounts available for obligation

	1967	1968
Appropriation.....	\$32,600,000	\$53,400,000
Comparative transfer from "Salaries and expenses, Office of Education".....	2,800,000	-----
Proposed supplemental.....	2,500,000	-----
Total obligations.....	37,900,000	53,400,000

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Obligations by activity

	1967 estimate ¹		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Preschool and school programs.....		\$2,425,000		\$15,000,000		+\$12,575,000
Teacher education.....		24,500,000		24,500,000		
Research and demonstrations.....		8,100,000		11,100,000		+3,000,000
Captioned films for the deaf.....		2,800,000		2,800,000		
Salaries and expenses.....	20	75,000			-20	-75,000
Total obligations.....	20	37,900,000		53,400,000	-20	+15,500,000

¹ Includes \$2,500,000 proposed supplemental.

Obligations by object

	1967 estimate ¹	1968 estimate	Increase or decrease
Total number of permanent positions.....	20		-20
Average number of all employees.....	4		-4
11 Personnel compensation:			
Permanent positions.....	\$42,380		-\$42,380
Total personnel compensation.....	42,380		-42,380
12 Personnel benefits.....	3,095		-3,095
21 Travel and transportation of persons.....	2,810		-2,810
23 Rent, communications, and utilities.....	9,700		-9,700
24 Printing and reproduction.....	3,215		-3,215
25 Other services.....	2,801,800	\$2,800,000	-1,800
26 Supplies and materials.....	2,000		-2,000
31 Equipment.....	10,000		-10,000
41 Grants, subsidies and contributions.....	35,025,000	50,600,000	+15,575,000
Total obligations by object.....	37,900,000	53,400,000	+15,500,000

¹ Includes \$2,500,000 proposed supplemental.

Summary of changes

1967 enacted appropriation.....	\$32,600,000
Proposed supplemental.....	2,500,000
Comparative transfer from "Salaries and expenses, Office of Education".....	2,800,000

1967 revised appropriation.....	37,900,000
1968 estimated appropriation.....	53,400,000

Total change..... +15,500,000

	Base		Changes from base	
	Posi- tions	Amount	Posi- tions	Amount
INCREASES				
Program:				
1. Preschool and school programs.....		\$2,425,000		\$12,575,000
2. Research and demonstrations.....		8,100,000		3,000,000
Total program increases.....				15,575,000
DECREASES				
Administration absorbed by "Salaries and expenses" in 1968.....	20	75,000	-20	-75,000
Total decreases.....			-20	-75,000
Total net changes requested.....				15,500,000

EXPLANATION OF CHANGES

An increase of \$12,575,000 will provide a total of \$15,000,000 for grants to States under Title VI of the Elementary and Secondary Education Act for preschool and school programs.

An increase of \$3,000,000 for research and demonstrations will provide for a total of \$11,100,000 and will support an additional 73 projects.

A decrease of \$75,000 will provide for the 20 supplemental positions to be absorbed by "Salaries and Expenses" in FY 1968.

	1967 estimate ¹		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Preschool and school programs-----		\$2,425,000		\$15,000,000		+\$12,575,000
Salaries and expenses-----	20	75,000			-20	-75,000
Total-----	20	2,500,000		15,000,000	-20	+12,500,000

¹ Includes \$2,500,000 proposed supplemental.

JUSTIFICATION OF ESTIMATE

Title VI of P.L. 89-750, the Elementary and Secondary Education Amendments of 1966, authorizes \$50,000,000 for fiscal year 1967 and \$150,000,000 for fiscal year 1968 to provide grants to the States to assist in the initiation, expansion, and improvement of programs and projects (including acquisition of equipment and construction of the necessary school facilities) for the education of handicapped children at the preschool, elementary, and secondary levels.

An estimated five million handicapped children in the United States are in need of special educational services but only about one-fourth of them are now receiving these services. The cost of special education for a mentally retarded child is about twice that of regular education; for a physically handicapped child, about four times as much. School districts which have difficulty financing their regular instructional programs, are in serious trouble in attempting to finance school programs for the handicapped, except, perhaps, at the most minimal level.

A supplemental appropriation of \$2,500,000 is being requested for 1967. This amount will enable the States and localities to develop adequate plans for the proper and efficient use of operating funds during 1968. The requested amount of \$15,000,000 for 1968 will provide the very minimum necessary to encourage State and local education agencies to make a start toward improving their special educational services to handicapped children. It will provide for an estimated 100,000 mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, and other health impaired children throughout the United States, Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

P.L. 89-750 authorized to be established a Bureau for Education and Training of the Handicapped within the Office of Education for administering programs and projects related to the education and training of the handicapped and the training of teachers of the handicapped as well as research in such education and training. This bureau was established in January, 1967. The 20 supplemental positions requested in fiscal year 1967 will be absorbed by the appropriation "Salaries and Expenses" in FY 1968.

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Grants to States for preschool and school programs, fiscal year 1967 and 1968 allotment¹

States and outlying areas	1967 estimated allotment	1968 estimated allotment	States and outlying areas	1967 estimated allotment	1968 estimated allotment
Total.....	\$2,425,000	\$15,000,000	Montana.....	\$9,388	\$58,071
Alabama.....	47,739	295,295	Nebraska.....	18,180	112,454
Alaska.....	3,324	20,562	Nevada.....	3,589	22,197
Arizona.....	18,790	116,228	New Hampshire.....	7,770	48,062
Arkansas.....	24,900	154,019	New Jersey.....	72,469	448,259
California.....	200,448	1,239,882	New Mexico.....	14,704	90,954
Colorado.....	23,848	147,515	New York.....	194,905	1,205,598
Connecticut.....	30,888	191,060	North Carolina.....	67,316	416,389
Delaware.....	5,820	35,999	North Dakota.....	9,125	56,445
Florida.....	61,552	380,734	Ohio.....	127,070	785,996
Georgia.....	57,054	352,913	Oklahoma.....	30,675	189,743
Hawaii.....	9,449	58,447	Oregon.....	23,330	144,309
Idaho.....	9,780	60,495	Pennsylvania.....	139,791	864,686
Illinois.....	124,475	769,946	Rhode Island.....	10,676	66,035
Indiana.....	62,302	385,372	South Carolina.....	37,523	232,099
Iowa.....	36,190	223,857	South Dakota.....	9,495	58,734
Kansas.....	28,314	175,137	Tennessee.....	49,539	306,427
Kentucky.....	42,635	263,721	Texas.....	133,674	826,846
Louisiana.....	47,722	295,189	Utah.....	13,846	85,643
Maine.....	12,872	79,621	Vermont.....	5,296	32,756
Maryland.....	41,289	255,396	Virginia.....	55,202	341,454
Massachusetts.....	62,767	388,250	Washington.....	37,787	233,734
Michigan.....	106,066	656,080	West Virginia.....	26,257	162,417
Minnesota.....	46,201	285,782	Wisconsin.....	52,288	323,432
Mississippi.....	33,415	206,692	Wyoming.....	4,585	28,364
Missouri.....	53,656	331,893	District of Columbia.....	8,393	51,918
			Outlying areas.....	70,631	436,893

¹ 3 percent of the total amount for 50 States and District of Columbia reserved for outlying areas; the balance distributed on the basis of 3-21 population, Apr. 1, 1960.

	1967 estimate	1968 estimate	Increase or decrease
Teacher education.....	\$24,500,000	\$24,500,000	-----

JUSTIFICATION OF ESTIMATE

Public Law 85-926, as amended, authorizes \$34,000,000 in FY 1968 for a program of grants-in-aid to institutions of higher education and State education agencies for training professional personnel in the education of children who are mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or otherwise health impaired. The legislative authority for this program extends through 1969. The amount requested in fiscal year 1968 for teacher education is \$24,500,000, the same as appropriated in fiscal year 1967.

One of the most serious obstacles to educating handicapped children has been the lack of qualified professional personnel at all levels of education. Almost 10 percent of all school-age children in the United States are numbered among the handicapped. To meet the special training requirements for the preparation of these afflicted boys and girls, more than 300,000 special education teachers are currently needed. Only about 80,000 are available; from 30 to 60 percent of these are essentially untrained and acquiring training on a part-time basis.

FISCAL YEARS 1966 AND 1967

The fiscal year 1966 appropriation of \$19,500,000 provided training for over 8,000 personnel beginning in academic year 1966-67. On the basis of the funding trends for fiscal year 1966, it is expected that for fiscal year 1967, about 9,800 persons will receive support for training in academic year 1967-68. Of the \$24.5 million appropriation, \$19,421,000 will be utilized by institutions of higher learn-

ing to support approximately 2,239 fellowships, 1,433 senior year traineeships, 709 summer session traineeships and 936 special study institute traineeships. In addition, at least 40 program development grant proposals will be supported which are the chief means by which new programs in colleges and universities are encouraged and commenced. State educational agencies will receive \$5,079,000 for an estimated 343 fellowships, 132 senior year traineeships, 715 summer session traineeships, 3,258 special study institute traineeships and administrative costs.

FISCAL YEAR 1968

It is estimated that over 1,600 applications requesting more than \$46,000,000 to train professional personnel in academic year 1968-69 in all areas of the handicapped will be processed in fiscal year 1968. The request of \$24,500,000 would make possible the award of about 5,317 fellowships and traineeships to institutions of higher learning and about 4,448 awards to State education agencies. In addition, approximately 40 grants will be awarded to develop teacher training programs in areas of the country not currently served.

Included in the estimates for State education agencies in fiscal year 1968 is an amount of \$1,475,000 for administrative costs in implementing the State plans. Currently, up to 20 percent of funds awarded to State agencies may be used for personal services of both professional and clerical personnel in developing the program as well as for employee benefits, travel, supplies and materials, communication costs, printing and rental of appropriate equipment.

Summary

Graduate fellowships	Average cost	1966, number	1967 and 1968	
			Number	Amount
1st-year level academic year.....	\$5,700	1,586	1,800	\$10,130,000
2d-year level academic year.....	6,100	426	450	2,615,000
3d-year level academic year.....	6,500	355	332	2,026,000
Total.....		2,367	2,582	14,771,000

	1st year level	2d year level	3d and 4th year level
Formula for calculating cost of academic year stipends:			
Basic stipend.....	\$2,000	\$2,400	\$2,800
Average number of dependents.....	(2)	(2)	(2)
Average dependency allowance.....	1,200	1,200	1,200
Payment to institution.....	2,500	2,500	2,500
Total cost.....	5,700	6,100	6,500

Formula for calculating cost of summer stipends :

	<i>Per week</i>
Basic stipend	\$75
Payment to institution.....	75
Total cost	150

NOTE.—Average cost for summer school is \$75 per week. Approximately 5 weeks is the average length.

Formula for calculating cost of Institutes for Advanced Study :

	<i>Per week</i>
Basic stipend	\$75
Average dependency allowance.....	15
Total cost	90

NOTE.—Average cost for Institute for Advanced Study is \$90 per week. Approximately 3 weeks is the average length.

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Formula for calculating cost of program development grants:

Average cost -----	\$18, 000
Total cost -----	18, 000

Formula for calculating cost of senior year traineeships:

Basic stipend -----	\$1, 600
Payment to institution -----	2, 000
Total cost -----	3, 600

Research and demonstrations:

1967 estimate -----	\$8, 100, 000
1968 estimate -----	11, 100, 000

Increase or decrease -----	+3, 000, 000
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JUSTIFICATION OF ESTIMATE

The Research and Demonstration Program for Handicapped Children and Youth was established under Public Law 88-164 to develop the new knowledge and new techniques which are essential for the improvement of educational opportunities for handicapped children. Public Law 89-105 further increased support of research and demonstration projects for the handicapped and authorized grants to institutions of higher education for the construction, equipping, and operation of research facilities. An amount of \$12,000,000 is authorized and \$11,100,000 is requested for the Research and Demonstration Program in fiscal year 1968, an increase of \$3,000,000 over the amount appropriated in fiscal year 1967.

The Research and Demonstration Program operates in three different ways:

Research Grants.—This program, including program support, project support, and the small grant program, continues to be the primary source of funds for the individual investigator seeking to solve problems identified at the local level.

Demonstration Grants.—Funds expended under this program are for facilitating and accelerating implementation of recent findings into actual practice. It is through this program that universities and local school districts may systematically field test ideas emerging from laboratories and put such ideas into practice.

Developmental Activity Grants.—Working in close conjunction with a number of experts in the education of handicapped children, the Office of Education is attempting to identify a number of program areas which require special attention. We have identified these as Developmental Activities in the sense that such programs must be developed through cooperative efforts of OE research staff and outside experts.

The characteristic that differentiates the developmental activity from a project categorized as demonstration is that developmental activities are initiated by the Office of Education and generally are designed to stimulate program developments to meet needs where applications from the research community would not be expected. Activities funded under this program include a national study of the prevalence of speech and hearing problems in school children and the development of a network of instructional materials centers.

FISCAL YEAR 1966

In fiscal year 1966, 133 projects were supported at a level of nearly \$6 million. The outstanding development this year was the Instructional Materials Center Network. These centers will collect instructional materials and aides such as braille books, test kits, and tapes and recording devices, evaluate their effectiveness, and make them available to local schools. The centers also will engage in research and development aimed at devising improved teaching materials for the handicapped. Institutes and workshops will be held at the centers to familiarize teachers with the use of special educational materials.

FISCAL YEAR 1967

\$8,100,000 was appropriated for fiscal year 1967 and will support 152 projects. Of this amount, \$2,000,000 will be used to support the cost of constructing a research center for handicapped children and youth. The location of the center has not yet been decided. This center, authorized by P.L. 88-164, will allow a concentrated, systematic attack on major problems in educating the handicapped which are now being approached by isolated pieces of research. It is expected to produce new ideas, materials, and techniques for use in classrooms for handicapped children and do it faster and more efficiently. Other projects would support pilot programs to determine the types of existing educational facilities which can be modified to accommodate deaf youths. It is hoped that these programs will contribute to the development of adequate educational opportunities for the deaf and aid in the development of a Center for Advanced Studies in Special Education.

FISCAL YEAR 1968

With the \$11.1 million requested for 1968, it is estimated that 225 research and demonstration projects will be supported. The increase in funds will be required to support a number of new developments such as: (1) staffing and program support for the comprehensive Research and Demonstration Center constructed from 1967 funds; (2) the development of post-secondary educational opportunities for deaf youths; (3) the further development and refinement of a network of instructional materials centers for handicapped children; and (4) the development of a computer-assisted instruction program for all areas of the handicapped.

The Research Center program will permit a concentration of effort to search out and solve some of the difficult educational problems of the handicapped. The post-secondary education program for the deaf is a combined effort of OE and Vocational Rehabilitation Administration to enable deaf youngsters to take advantage of vocational and technical educational opportunities in their home States which is now available only to hearing students. The instructional materials center program is designed to provide teachers anywhere in the country with the most up-to-date information about the availability and value of instructional aids for the handicapped. The development of a computer-assisted educational program for the handicapped will be used to implement the findings of research which indicate that the handicapped learn better and faster with such educational programs.

Areas and levels of support are shown in the following table:

Captioned films for the deaf:

1967 estimate.....	\$2, 800, 000
1968 estimate.....	2, 800, 000

Increase or decrease.....

JUSTIFICATION OF ESTIMATE

Public Law 85-905, as amended by Public Law 87-715 and 89-258, provides for the advancement of educational and cultural opportunities for deaf persons by increasing the availability of motion pictures, programed instructional materials, and related instructional and cultural media. Enactment of P.L. 89-258, Educational Media for the Deaf, broadened the scope of the Captioned Films for the Deaf program to embrace all educational media and to serve those who work with the deaf, as well as deaf groups themselves. An amount of \$5,000,000 is authorized and \$2,800,000 is requested for fiscal year 1968, the same as appropriated in fiscal year 1967. Funds will be used to refine and strengthen the program of previous years, rather than for expansion into new program areas.

ACQUISITION

Acquisition activities in fiscal year 1966 resulted in an increase of 5,135 prints of educational film, 576 prints of 43 general interest films, and 1,020 prints of 51 free or sponsored films. These additions brought the total library available to more than 200,000 prints. These materials reached 1,400 groups of deaf persons, for a total audience of more than 900,000. In FY 1967 an increased proportion of color motion pictures will be acquired and larger quantities of filmstrips with a reduction in the acquisition rate of motion pictures. Another shift of emphasis will provide more projectors for classroom loan. Approximately \$1,241,000 will be used in fiscal year 1968 for acquisition activities with major emphasis on further improvements of instructional resources available for education of the deaf. In light of the continuing shortage of instructional equipment in schools

for the deaf, the projector loan service will be expanded, some of which will be portable videotape recorders for use in centers preparing teachers of the deaf.

DISTRIBUTION

In order to provide the fastest and most efficient distribution service possible in 1966, distribution was handled through three main distribution centers for recreational films and 60 depositories for educational materials. About \$155,000 will be required in fiscal year 1968 to keep pace with the rapid growth of the library materials and equipment to be disseminated to the deaf and the cataloging and dissemination of information of available materials to teachers and parents.

PRODUCTION

The production function in FY 1966 included evaluation of more than 5,000 pieces of art work and the screening and editing of more than 350 reels of videotape. Subject matter ranged from teaching of modern mathematics to deaf children through adult education for the deaf on educational television. Particular emphasis will be placed on programmatic efforts such as the language instruction project in FY 1967. Initial efforts will be to develop media useful in education of the mentally retarded deaf. Efforts will also be directed toward development of experimental materials which can be combined into multimedia packages for instruction. During fiscal year 1968, approximately \$454,000 will be used to prepare 50 filmstrips for elementary school use and 50 for use in the secondary curriculum as well as films for general adult and parent education, and a series of tapes and slides for teacher education.

RESEARCH

In FY 1966, eleven research projects, most of them continuations of earlier work, focused on such activities as programmed instruction for teaching reading to the deaf and field testing of language teaching materials. New activities included a filmed typing course for the deaf and design of a new captioning machine. In FY 1967 studies will be undertaken to identify new instructional devices which will decrease communication problems of the deaf. A substantial portion of the \$450,000 requested for fiscal year 1968 for research will be allocated to continuation of projects in programmed instruction and field testing of materials now being produced. New projects will be initiated to identify the special needs for instructional media in education of the deaf at the secondary and higher education levels. A potentially significant benefit from these efforts is the identification of new occupational fields which may be opened for the deaf through the uses of communication media.

TRAINING

Training activities implemented through five contracts in FY 1966 included a national conference, a number of media workshops and special demonstrations and the dissemination of training films and manuals to educators of the deaf. Three centers for in-service education and short-term institutes were established in FY 1967. During 1968 approximately \$500,000 will be required to continue the four existing centers. A major portion of the work of these centers will be summer institutes, demonstration workshops in schools for the deaf, and area dissemination meetings for parents, teachers, and the adult deaf.

FISCAL YEAR 1967 APPROPRIATION AND FISCAL YEAR 1968 BUDGET REQUEST

Senator HILL. Now the educational improvement for the handicapped.

Mr. RIOUX. Mr. Chairman, our request for educational improvement for the handicapped is \$53,400,000 for 1968, \$15,500,000 more than the 1967 revised appropriation including the proposed supplemental.

BUREAU OF EDUCATION FOR THE HANDICAPPED

In January, we established a new Bureau of Education for the Handicapped within the Office of Education to strengthen and co-

ordinate activities in behalf of the handicapped. Fifteen million dollars is requested for the preschool and school programs activity, authorized by title VI of the Elementary and Secondary Education Amendments of 1966, and \$2,800,000 for captioned films for the deaf. The title VI program will provide grants to the States to assist them in the initiation, expansion, and improvement of programs and projects, including the acquisition of equipment and, where necessary, the construction of school facilities, for the education of up to 100,000 handicapped children at the preschool, elementary, and secondary school levels.

CAPTIONED FILMS PROGRAM

The \$2,800,000 for the captioned films program will be employed to refine and strengthen the program of previous years. Research, acquisition, production, distribution, and training activities will remain at the same level as in 1967.

TEACHER EDUCATION

\$24,500,000 is requested for teacher education. This program strives to remove one of the primary obstacles to the adequacy of education of handicapped children—the extreme shortage of qualified professional personnel. An estimated 225,000 additional special education teachers are needed. The \$24,500,000, requested will provide training for about 9,800 persons through the academic year 1968–69, which is the same level provided by the fiscal year 1967 appropriation.

RESEARCH AND DEMONSTRATION ACTIVITY

For the research and demonstration activity, \$11,100,000, an increase of \$3 million over the 1967 appropriation, is requested. There are now more people engaged in the area of research relating to education of the handicapped than ever before, and we need to continue their support while bringing new researchers into the field.

ACCELERATION OF EFFECTIVE PROGRAMS FOR THE HANDICAPPED

Through the use of research grants, demonstration grants, and developmental grants, this program seeks out new knowledge and new techniques for handicapped children, and it permits institutions of higher education to construct, equip, and operate a research facility. In so doing, the program contributes to the ability of the States to move more quickly toward their goal of providing more effective programs for the handicapped.

In its entirety, Mr. Chairman, this appropriation's major single goal is to make it possible for handicapped children to receive the education to which they are entitled and to accomplish this in the most coordinated and effective way possible. Progress has been made; a great deal more is required. With the \$53,400,000 requested for 1968, we will build upon this progress, and thus become better prepared to accelerate it in the future.

We will be happy to answer any questions you may have.

COOPERATION WITH VOCATIONAL REHABILITATION ADMINISTRATION

Senator HILL. You work in pretty close cooperation with the Vocational Rehabilitation Administration?

Mr. RIOUX. Yes, sir; increasingly.

Senator HILL. You work right together?

Mr. RIOUX. Yes; we have jointly funded a common project recently, in fact.

ELEMENTARY AND SECONDARY EDUCATION ACT (TITLE VI)

Senator HILL. It comes to my attention that the authorization is \$154 million for title VI for the ESEA Act; is that right?

Mr. RIOUX. Yes, sir.

Senator HILL. Yet the request is only some \$15 million?

Mr. RIOUX. Yes, sir; that is correct.

Senator HILL. How do you explain that?

Mr. RIOUX. Well, first of all, we are toward the end of the 1967 year and little planning at the local level has taken place. We are also very conscious of the fact that we will encounter very substantial personnel shortages. I would say lastly that within the total needs of the Department this figure is a reasonable one.

Senator HILL. State that again.

Mr. RIOUX. We feel that within the total need of the Department that figure is a reasonable one.

REDUCTIONS BY BUREAU OF THE BUDGET

Senator HILL. I believe the Department is some \$6 million and then the Bureau of the Budget reduces to \$35 million?

Mr. HOWE. That is approximately correct; yes, sir.

Senator HILL. Quite a big reduction, was it not?

Mr. RIOUX. Yes, sir.

Mr. Chairman, our estimate was \$50 million and that was the amount that was sent to the Bureau of the Budget.

Senator HILL. You mean that same amount that the Department sent to the Bureau of the Budget?

Mr. RIOUX. Yes, sir.

Senator HILL. The Department, in other words, supported your request?

Mr. RIOUX. Yes, sir.

Senator HILL. Then the Budget did reduce you some \$35 million?

Mr. RIOUX. That is correct, sir.

LEADTIME FOR NEW PROGRAM ADMINISTRATION

Mr. CARDWELL. The Bureau of the Budget request was on the grounds already stated. This was a new program, the reason being that some leadtime is required to put it into effect at the State and local level. There is the problem of assimilating the program requirement and bringing the manpower to bear on the problem.

Senator HILL. But the Department didn't take this view?

Mr. KARSH. That is correct.

Senator HILL. Is this correct?

Mr. KARSH. That is correct.

Senator HILL. The Budget took a very substantially different view from the Department?

Mr. CARDWELL. That is correct.

Senator HILL. Did they have any source of information other than the fund?

Mr. CARDWELL. No, sir. I think they had a broader interest.

Senator HILL. They must make some reductions and they thought this was perhaps a good place; is that correct?

Mr. CARDWELL. Correct.

Senator HILL. Put on your request—and when I say “your request,” I mean the Department’s request.

Mr. KARSH. Yes.

LOCAL SCHOOL SYSTEM LEVEL BUDGET REDUCTION

Senator HILL. Very substantially.

Where will this reduction have its biggest effect?

Mr. RIOUX. I would say generally at the local school system level.

Mr. HOWE. It won’t, Mr. Chairman, represent a cut back of activity.

Senator HILL. It won’t go forward.

Mr. HOWE. It won’t be moving forward as much as on the original request.

Senator HILL. But so far as the existing program is concerned, they will not be affected; is that right?

Mr. RIOUX. No, sir; the existing program remains the same and increase the second, so it remains in the title VI State grant program.

RESEARCH AND TRAINING

STATEMENT OF R. LOUIS BRIGHT, ASSOCIATE COMMISSIONER FOR RESEARCH, ACCOMPANIED BY HAROLD HOWE II, COMMISSIONER OF EDUCATION; DAVID S. BUSHNELL, DIRECTOR, DIVISION OF ADULT AND VOCATIONAL RESEARCH; LEE G. BURCHINAL, DIRECTOR, DIVISION OF RESEARCH TRAINING AND DISSEMINATION; SAMUEL G. SAVA, ACTING DIRECTOR, DIVISION OF HIGHER EDUCATION RESEARCH; ROBERT A. KANE, EXECUTIVE OFFICER, BUREAU OF RESEARCH; HENDRIK D. GIDEONSE, PROGRAM PLANNING DEVELOPMENT OFFICER; NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOE G. KEEN, BUDGET OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

"RESEARCH AND TRAINING

"For research, surveys, training, dissemination of information, and demonstrations in education and in librarianship as authorized by the Act of July 26, 1954 (20 U.S.C. 331-332 (b)), as amended by title IV of the Elementary and Secondary Education Act of 1965, [\$70,000,000, of which not to exceed \$12,400,000 shall remain available until expended for construction of regional facilities for research and related purposes under section 4 of such Act] and the Elementary and Secondary Education Amendments of 1966; section 4(c) of the Vocational Education Act of 1963 (20 U.S.C. 35C (c)); section 224 of the Higher Education Act of 1965 (Public Law 89-329); and section 602 and title VII of the National Defense Education Act of 1958 as amended (20 U.S.C. ch. 17; Public Law 88-665), \$99,900,000, of which \$2,500,000 shall be available for program evaluation without regard to the provision in subsection 2(a) (2) of said Act of July 26, 1954, as amended, and \$17,100,000 shall be available for research and special project activities under section 4(c) of said Vocational Education Act of 1963."

EXPLANATION OF LANGUAGE CHANGES

The inclusion of that section beginning with "and the Elementary and Secondary Education Amendments" and ending with "and said Vocational Education Act of 1963," will provide for the transfer of library research previously included under "Higher educational activities; vocational education research" previously included under "Expansion and improvement of vocational education"; and foreign language research and educational media research previously included under "Defense educational activities," into this account. The proposed change will provide a more comprehensive, coordinated presentation of the total research program.

Elimination is proposed of that portion of the language beginning with "\$70,000,000" and ending with "of such Act." This change will provide that no funds be appropriated for construction of regional facilities under section 4 of the Act. The inclusion of the section "of which \$2,500,000 shall be available for program evaluation without regard to the provision in subsection 2(a) (2) of said Act of

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July 26, 1954 as amended," will allow the Commissioner to conduct specific evaluation studies without the approval of the Advisory Committee.

The inclusion of the section "and \$17,100,000 shall be available for research and special project activities under section 4(c) of said Vocational Education Act of 1963" will limit the amount for this purpose to \$17,100,000.

Amounts available for obligation

	1967	1968
Appropriation.....	\$70,000,000	\$99,900,000
Comparative transfer from "Expansion and improvement of vocational education".....	10,000,000	-----
"National defense education activities".....	7,500,000	-----
"Higher educational activities".....	3,550,000	-----
Unobligated balance brought forward.....	18,688,485	29,088,000
Unobligated balance carried forward.....	-29,088,485	-4,088,000
Total obligations.....	80,650,000	124,900,000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
1. Educational laboratories and research and development centers:			
(a) Operational assistance.....	\$29,600,000	\$36,100,000	+\$6,500,000
(b) Construction.....	2,000,000	25,000,000	+23,000,000
2. Research:			
(a) General education:			
(1) General education research.....	16,085,000	18,850,000	+2,765,000
(2) Evaluation studies.....	-----	2,500,000	+2,500,000
(3) National achievement study.....	-----	2,000,000	+2,000,000
(4) Demonstration and development.....	3,000,000	3,000,000	-----
(b) Vocational education.....	10,000,000	17,100,000	+7,100,000
(c) Foreign language education.....	3,100,000	3,000,000	-100,000
(d) Educational media.....	4,400,000	4,400,000	-----
(e) Library improvement.....	3,550,000	3,550,000	-----
3. Training.....	6,500,000	7,000,000	+500,000
4. Dissemination.....	2,415,000	2,400,000	-15,000
Total obligations.....	80,650,000	124,900,000	+44,250,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
25 Other services.....	\$56,960,000	\$71,990,000	+\$15,030,000
41 Grants, subsidies, and contributions.....	23,690,000	52,910,000	+29,220,000
Total obligations by object.....	80,650,000	124,900,000	+44,250,000

Summary of changes

1967 enacted appropriation: Research and training.....	\$70,000,000
Comparative transfer to expansion and improvement of vocational education.....	10,000,000
National defense education activities.....	7,500,000
Higher educational activities.....	3,550,000
1967 revised appropriation.....	91,050,000
1968 estimated appropriation.....	99,900,000
Total change.....	+8,850,000

	Base	Changes from base
INCREASES		
Program:		
1. Educational laboratories and research and development centers;		
(a) Operational assistance.....	\$29,600,000	+\$6,500,000
2. Research:		
(a) General education:		
(1) General education research.....	16,085,000	+2,765,000
(2) Evaluation studies.....		2,500,000
(3) National achievement study.....		2,000,000
(b) Vocational education.....	10,000,000	7,100,000
3. Training.....	6,500,000	500,000
Total program increases.....		21,365,000
DECREASES		
1. Educational laboratories and research and development centers:		
(a) Construction.....	12,400,000	-12,400,000
2. Research;		
(a) Foreign language education.....	3,100,000	-100,000
3. Dissemination.....	2,415,000	-15,000
Total decrease.....		-12,515,000
Total net change requested.....		+8,850,000

EXPLANATION OF CHANGES

A total increase of \$6,500,000 for operational assistance for educational laboratories and research and development centers includes \$5,070,000 for the operation of 20 educational laboratories and \$1,430,000 for the operation of 13 research and development centers. These increases will provide a total program level of \$24,800,000 for educational laboratories and \$11,800,000 for research and development centers.

An increase of \$2,765,000 for general education research will provide a total of \$18,850,000 for the support of 240 new projects and the continuation cost of 450 projects.

\$2,500,000 is requested to fund evaluation studies on a variety of new programs. \$2,000,000 is requested to fund an outside agency to gather and report nationwide data on educational achievement.

An increase of \$7,100,000 under the Vocational Educational Research will provide a total of \$17,100,00 for fiscal year 1968. The increase will provide funds for 175 new projects and continuation costs of 90 projects.

An increase of \$500,000 is requested for Training for a total of \$7,000,000 for the support of 940 new trainees and the continuation cost of 885 trainees.

A decrease of \$12,400,000 is reflected for the construction of research facilities. \$29,088,000 appropriated in fiscal years 1966 and 1967 will be available for the construction of facilities.

A decrease of \$15,000 is reflected in the dissemination activity.

	1967 estimate	1968 estimate	Increase or decrease
Research and Training, Office of Education:			
Educational laboratories and research and development centers:			
Operational assistance.....	\$29,600,000	\$36,100,000	+\$6,500,000
Construction.....	12,400,000		-12,400,000
Research:			
General education.....	19,085,000	26,350,000	+7,265,000
Vocational education (Vocational Education Act of 1963).....	10,000,000	17,100,000	+7,100,000
Foreign language education (title VI, NDEA).....	3,100,000	3,000,000	-100,000
Educational media (title VII, NDEA).....	4,400,000	4,400,000	
Library improvement (title II, HEA).....	3,550,000	3,550,000	
Training.....	6,500,000	7,000,000	+500,000
Dissemination.....	2,415,000	2,400,000	-15,000
Total.....	91,050,000	99,900,000	+8,850,000

INTRODUCTION

With the passage of title IV of the Elementary and Secondary Education Act of 1965, the Congress responded to the need for more extensive educational research and the dissemination of research results. Title IV expanded the Cooperative Research Act, enacted in 1954, which had been the Office of Education's basic authority for supporting a somewhat limited program of educational research. In 1962, the Cooperative Research budget was \$5 million. By 1966, it totaled \$70 million. Under the new title IV provisions, funds became available for the first time to train personnel for the relatively new field of educational research, to operate and construct regional research facilities, and to expand research activities under existing authority.

While this growth in educational research support has been substantial, it is still far behind expenditures for research and development in other fields. In 1966, for example, the \$70 million Cooperative Research budget represented only about one-fifth of one percent of the \$37 billion spent in that year on education in the United States.

The Office of Education's Bureau of Research has used the expanded authority granted in Fiscal Year 1965 to initiate several promising new programs. In 1966, a network of regional educational laboratories was established to help bridge the gap between research and implementation. Under the provision for training educational researchers, programs at 92 institutions were supported, serving more than 2,500 trainees during the first year of operation. These programs also enabled the participating institutions to upgrade staff and curricular capabilities for educational research training. The Educational Research Information Center system with decentralized clearinghouses handling different educational subject areas, has been designed to retrieve and disseminate educational research information to those in the field. The first eight clearinghouses were in operation at the end of fiscal year 1966. Under another new program, research development grants are stimulating research activities at small and developing colleges.

The scope and impact of the Bureau's previous research and related activities have also been considerably enlarged. The number of research and development centers—which bring universities' research resources to bear on particular educational problems—grew from four in fiscal year 1965 to nine at the close of fiscal year 1966. In the area of support for individual researchers, approximately 1,240 research projects were funded by all legislative authorizations during Fiscal Year 1966, investigating a great variety of educational problems.

Through all these programs and projects, research continues to assess the strengths and shortcomings of American education, and to work out new programs and techniques to meet tomorrows' needs.

In an effort to provide a more coordinated administration of research activities, the research programs of the Office of Education—with the exception of research for the handicapped—have all been placed under the management of the Bureau of Research. To reflect this organizational change and to provide a more coordinated presentation of research activities, this year's "Research and Training" appropriation includes programs formerly shown under other appropriations. These programs include the vocational research program formerly included under "Expansion and Improvement of Vocational Education", the foreign language and educational media research programs formerly shown under "National Defense Educational Activities", and the library research program formerly appearing under "Higher Educational Activities".

Research and training, Office of Education

	1967 estimate	1968 estimate	Increase or decrease
1. Educational laboratories and research and development centers:			
(a) Operational assistance:			
(1) Educational laboratories.....	\$19,230,000	\$24,300,000	+\$5,070,000
(2) Research and development centers.....	10,370,000	11,800,000	+1,430,000
Subtotal.....	29,600,000	36,100,000	+6,500,000
(b) Construction.....	12,400,000		-12,400,000
Total.....	42,000,000	36,100,000	-5,900,000

JUSTIFICATION OF ESTIMATES

Title IV of the Elementary and Secondary Education Act of 1965 amended the Cooperative Research Act of 1954 to authorize the Commissioner of Education to make arrangements for the construction and operation of regional facilities for educational research. Beginning with the fiscal year ending June 30, 1966, \$100 million in the aggregate, is authorized for construction of facilities, and for operation, such sums as the Congress determines to be necessary.

In authorizing the establishment of regional educational laboratories, the Congress built upon the successful example of the Research and Development Centers already operating under the authority of the Cooperative Research Act. These Centers, based at several universities throughout the country, concentrated on particular research problem areas such as the learning process and were national in scope. The laboratories were authorized in order to expand these efforts, but on a regional basis. They would work closely with local schools, State departments of education, universities and other groups to translate the results of research into forms that can be used in classrooms, to continually test these forms, to train teachers in their use, and to make them available to local school systems.

As administered by the Office of Education these Research and Development Centers and Regional Educational Laboratories form the National Program of Educational Laboratories. This Program cooperates with similar efforts in other Federal agencies, such as the Office of Economic Opportunity's Head Start Evaluation and Research Centers, and with other programs of the Office of Education, such as the Supplementary Educational Centers program authorized under title III of the Elementary and Secondary Education Act. The Supplementary Centers program allows for widespread dissemination of innovations developed and field-tested by the Laboratory Program.

(a) Operational assistance: (1) Educational laboratories:

1967 estimate.....	\$19, 230, 000
1968 estimate.....	24, 300, 000
Increase	+5, 070, 000

The major area of activity under the National Program of Educational Laboratories is the continued and expanded support of 20 regional educational laboratories.

The regional laboratories were created as a result of the expanded authority given to the Cooperative Research Program through Title IV of the Elementary and Secondary Act of 1965. The program was designed to overcome the major shortcomings inherent in the prevailing approach to educational research. These shortcomings were (1) research activities usually proceeded within a project framework and usually had little or no relationship to each other; (2) there was a lack of adequate involvement in educational research and development on the part of many educational groups with a direct stake in its findings and products and with competencies, talents, and experiences which bore directly on the research process; (3) there was inadequate attention paid to the development of new practices and materials, based on research findings, to the point at which they are ready for implementation in local schools; and (4) there was a lack of attention paid to the dissemination of the newly developed improvements.

Groups who were awarded contracts for the development of an operational laboratory were asked to assess the needs of their region and to frame a program to meet those needs. The program called for the creation of a new "mix" of personnel representing interests and institutions. Funds were awarded only to those groups that gave substantial promise of creating an organization in which all of these interests, including higher education institutions, local school districts, and State educational agencies, would have a significant role in planning and carrying out the laboratory's program.

During the development period, each laboratory devoted major attention to: (1) assessing and defining the specific educational problem areas of concern to them; (2) identifying and mobilizing the resources available; (3) formulating an appropriate program; and (4) designing an organizational structure to implement the program, and a decision-making process by which the laboratory would choose its future goals, programs, and operating procedures.

The laboratory program calls for special attention to the transition process from research to implementation. Each laboratory is charged with the task of

helping schools to put into practice what is already known. The laboratories will concentrate on developing specific materials and techniques based upon sound research, and will conduct the necessary dissemination activities to make those materials and techniques available to teachers and children. As required by their specific program, each laboratory will coordinate the activities of a number of institutions and agencies in order to bring about the successful implementation and adaptation.

The program calls for laboratories to carry research through the entire cycle of activities leading to implementation. Laboratory program planning and direction will be a continuing effort; as activities are completed, they will be evaluated and lead to new activities. Because of the laboratory's unique organization and "mix", it is capable of carrying out all the activities within the cycle. Individual researchers do not usually possess the necessary range of talents. Existing educational institutions and agencies have not taken the implementation of research as their mission; nor are they equipped to do so. Thus, programs will be continuously adjusted in the light of experience and results, and research will be built upon until the end step is reached: Implementation.

PROGRAM FISCAL YEAR 1966

By the end of fiscal year 1966, twelve regional laboratories were operational and seven others had development contracts to refine their initial planning into operational programs. One more development contract was awarded early in fiscal year 1967.

The following laboratories were funded in fiscal year 1966:

Funded February, 1966:

Center for Urban Education, New York, New York
Mid-Continent Regional Educational Lab, Kansas City, Missouri
Research for Better Schools, Inc., Philadelphia, Pennsylvania
Southwestern Cooperative Educational Lab Albuquerque, New Mexico
Southeastern Educational Corp. Atlanta, Georgia
Rocky Mountain Regional Educational Lab Denver, Colorado
Appalachia Regional Educational Lab Charleston, West Virginia
Far West Regional Educational Lab San Francisco, California
Central Midwestern Regional Educational Lab St. Louis, Missouri
Southwest Regional Educational Lab Santa Monica, California
Upper Midwest Regional Educational Lab St. Paul, Minnesota
Northwest Regional Educational Lab Portland, Oregon

Funded June, 1966:

Institute for Educational Innovation, Newton, Massachusetts
Regional Educational Laboratory for the Carolinas and Virginia, Durham, North Carolina
South Central Region Ed. Lab, Little Rock, Arkansas
Michigan-Ohio Regional Ed. Lab, Detroit, Michigan
Eastern Regional Institute for Education, Syracuse, New York
Southwest Educational Development Corp., Austin, Texas
Cooperative Educational Research Lab, Chicago, Illinois

The first twelve laboratories began full scale work on June 16, 1966. The awards enabled the laboratories to recruit staff, implement their organizations, and to begin their first programs. All of these laboratories now have headquarters and full time staff, and are engaged in program activities. The Southwest Regional Educational Laboratory has chosen to concentrate on cultural deprivation and problems related to high mobility of their population. They are designing and field testing special materials for reading and general problem solving. Research for Better Schools, Inc. is engaged in demonstration and evaluation of Individually Prescribed Instruction, an approach first developed by the Pittsburgh Learning Research and Development Center. The Appalachia Region Educational Laboratory is investigating the problems of the transition from school to work. The Center for Urban Education is actively and systematically working with local school systems to provide the research and development base to bring about quality integrated education for all children. Many laboratories are doing work in teaching basic language and reading skills; still others have chosen teacher education as their area of emphasis.

PROGRAM FISCAL YEAR 1967

In fiscal year 1967, it is expected that most or all of the current seven new laboratories, will be ready for full scale contracts. It is expected that: (1) all laboratories will have completed their initial staffing; (2) some labs will have reformulated plans and program directions for the coming years; (3) all laboratories will be employing some type of management tool such as PERT for their planning and control functions; and (4) plans will be near completion for the development of an information storage and retrieval system for use by all laboratories. This system will be meshed with the systems of the Educational Research Information Center and the National Center for Educational Statistics located in the Office of Education. The laboratories will also begin to apply to other Federal and non-Federal sources for additional funds in order to expand programs and develop into new areas.

The Secretary appointed a fifteen man Advisory Committee for the National Program of Educational Laboratories which began intensive review of the program in December, 1966. The principal function of the Advisory Committee is to provide general policy recommendations to the Commissioner of Education. Based upon their own examination of the program through site visits, documents and discussions, and augmented by information from Office of Education staff and consultants, the committee will provide advice and recommendations with respect to priorities served by the program, the broad direction of the program, relative strengths and weaknesses, and other appropriate related areas of concern.

PROGRAM FISCAL YEAR 1968

In fiscal year 1968, \$24,300,000 is requested for the continuation of the 20 laboratories. It is expected that the laboratories will have established cooperative working relationships with other projects and centers in their regions such as those supported under titles I and III of the Elementary and Secondary Education Act and will begin to assist in coordinating their efforts with the various research, development, demonstration, and training activities sponsored by other agencies, both public and private, whose purposes are consonant with those of such laboratory. Laboratories will have begun to get feedback about the results of their activities. It is possible that in some laboratories activities initially selected for sustained program attention may alter as a result of this feedback, and/or as a result of emerging developments elsewhere.

Finally in fiscal year 1968, an information storage and retrieval system connecting the laboratories should begin to be operational so that they can function as a network, with each one complementing and supplementing the other's activities. Although the implementation of this system will greatly facilitate communications among laboratories, it will be only one part of a total pattern of communications which will have been developed.

	1966 actual		1967 estimate		1968 estimate	
	Number	Amount	Number	Amount	Number	Amount
Educational laboratories:						
New.....	19	\$8, 658, 000	8	\$5, 220, 000		
Continuation cost.....			12	14, 010, 000	20	\$24, 300, 000
Total.....	19	8, 658, 000	20	19, 230, 000	20	24, 300, 000

(a) Operational assistance: (2) Research and development centers:	
1967 estimate.....	\$10, 370, 000
1968 estimate.....	11, 800, 000
Increase.....	+1, 430, 000

JUSTIFICATION OF ESTIMATE

Research and Development Centers carry on continuous, concentrated efforts to explore and find solutions to particularly pressing problems in education. Each center focuses on a different problem area and applies its resources to every aspect of that problem. Through this long-range approach, the centers can move

from basic research to the development of new concepts, practices, and materials, and can test them for eventual use in the classroom. This approach also gives the centers the flexibility to adjust their activities as their findings emerge.

Each center is located at an institution of higher education where staff have already shown considerable competency in dealing with the problem area selected for study. Emphasis is placed on close cooperative relationships with local school systems, State departments of education, and teacher education institutions in order that innovations developed in non-school settings can be quickly tried and evaluated in actual school situations.

The main thrust of the research and development centers is in the generation of new knowledge and the development of new educational materials, practices and procedures. These "products" are given pilot try-outs in local school settings, but more widespread testing and evaluation in a variety of communities will be accomplished through the cooperation of educational laboratories and innovative centers. Similarly, the R & D centers have responsibility for dissemination of results to special audiences, but will depend on other agencies assistance in implementing change at the classroom level on a mass basis.

PROGRAM FISCAL YEAR 1966

The four centers begun in prior years continue to develop their programs, and some phases of their activities have already produced useful results. The Learning Research and Development Center at the University of Pittsburgh completed the second year of its highly promising Oakleaf School Experiment in Individually Prescribed Instruction. In this experiment, children in an elementary school learn mathematics, science, and language skills through a broad but finely-articulated curricular framework which permits the prescription of learning experiences which are unique for each child. The Pittsburgh Center is also greatly interested in the application of modern technology to education, and during this year they installed a specially modified computer and began experimenting with a variety of computer-controlled devices which might ultimately assist the individual instruction process.

A number of research studies dealing with the schools and the community were completed at the University of Oregon Center for the Advanced Study of Educational Administration, and the Center staff held workshops in various regions of the country with school administrators and professors of school administration to acquaint them with the findings and discuss their implications.

The Research and Development Center for Learning and Re-Education at the University of Wisconsin completed production of a series of video tapes for use in teaching first and third grade arithmetic, conducted experiments on the learning of concepts in English and science, and established Research and Instruction Units in a number of local schools.

At Harvard University, the Center for Research and Development on Educational Differences studies the mental abilities of children from different ethnic and socio-economic backgrounds, developed and tested materials for teaching the inner city poor, and continued to reconceptualize the structure and function of the school and its role in the community.

During fiscal year 1966 six additional centers were started, bringing to ten the number of R & D centers in operation. (One of these became an educational laboratory later in the fiscal year). At the Center at the University of California at Berkeley the organization, purposes, and results of American higher education are being studied. The University of Georgia Center is investigating the effect on three to twelve-year old children of programs of early and continuous stimulation activities.

In New York City a Center founded by a consortium of eight institutions of higher education is concentrating on the unique problems of urban education. (This Center later became a Regional Educational Laboratory.) The Center at Stanford University is studying the theory and practice of teaching, and complementing this line of inquiry, the University of Texas Center is focusing upon teacher education. Finally, the Center at the University of California at Los Angeles is attacking the problem of the evaluation of instructional programs.

PROGRAM FISCAL YEAR 1967

During fiscal year 1967, in addition to the growing accumulation of new knowledge and educational materials, the first linkages between the R & D centers and other important organizations fostering education innovation emerged. The Oakleaf Experiment in Individualized Instruction begun at the University of Pitts-

burgh is being field tested in a variety of school situations by Research for Better Schools, the Regional Educational Laboratory for Eastern Pennsylvania, New Jersey, and Delaware. The Oregon Center is also operating a clearinghouse under the Educational Research Information Center (ERIC). Six demonstration schools established by the Texas Center and the Austin Public Schools involve cooperation with a program funded under Title III of ESEA, and similar programs are underway in Georgia.

The University of Wisconsin Center will field test extensively a number of "products," and will hold a conference in the spring at which they will describe these products and release field test information concerning their applicability and use. Products which are expected to be ready at that time include the following:

1. *Patterns in Arithmetic, Grades 1, 3*: This is a series of 32 video tapes for the first grade, 64 video tapes for the third grade, and printed teacher suggestions and pupil exercises for each tape in the series.

2. *Concepts of Grammar*—Structured and Transformational: This includes twenty-three chapters (over 1,500 frames) of programmed materials on English syntax for junior high school students.

3. *Better Writing to Facilitate Concept Learning*: This is a summary of knowledge about stimulus variables, instructions variables, and conditions of learning that are related to concept learning and the implications for the preparation of printed instructional materials.

4. *Treatment of Non-Reading in Junior High School*: This includes description of procedures and 30 sets of 200 lessons each for teaching reading to children severely retarded in reading. This individualized instruction utilizes non-professionals to administer the programmed material and procedures.

5. *Maximizing Opportunities for Development and Experimentation in Learning in the Schools through Research and Instruction Units (MODELS)*: Applicable to any school system of higher learning or State department that desires a unique facility for planning and facilitating educational change, MODELS has over 30 units operating in school systems which are comprised of four integrated components: a program of research and development in the schools, testing of the new concept of Research and Instruction Units or teams, testing of a new role in the R & I Unit—the designated learning specialist or team leader, and the development of new organizations involving school personnel.

6. *Administrative and Curriculum Patterns to Nurture Learning Abilities of the Gifted*: This details a multi-faceted curriculum and organizational patterns for facilitating learning in children with superior abilities, extending from kindergarten through high school.

In fiscal year 1967, funds were used to begin four new centers. Two will be continuation of pilot efforts to explore the development of data and analyses which could be provided to policy makers at local, State, and Federal levels on which to base decisions relating to future developments in education. Funds were also committed under one contract to the establishment of six coordinated centers to conduct research and development on early childhood education. The early childhood effort has been closely coordinated with Head Start's Evaluation and Research Centers under the Office of Economic Opportunity.

The following R & D centers are currently under operation:

Learning Research and Development Center, University of Pittsburgh, Pittsburgh, Pennsylvania

Center for the Advanced Study of Educational Administration, University of Oregon, Eugene, Oregon

Center for Research and Development for Learning and Re-Education, University of Wisconsin, Madison, Wisconsin.

Center for Research and Development on Educational Differences, Harvard University, Cambridge, Massachusetts

Research and Development Center in Educational Stimulation, University of Georgia, Athens, Georgia

Research and Development Center in Teacher Education, University of Texas, Austin, Texas

Stanford Center for Research and Development in Teaching, Stanford University, Palo Alto, California

Center for Research and Development in Higher Education, University of California, Berkeley, California

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Center for the Study of the Evaluation of Instructional Programs, University of California, Los Angeles, California

Center for the Study of Social Organization of Schools and the Learning Process, Johns Hopkins University, Baltimore, Maryland

PROGRAM FISCAL YEAR 1968

For 1968 \$11,800,000 is requested to provide continuation costs for ten research and development centers, the early childhood coordinated center program, and two centers for providing data and analyses for educational policy makers.

	1966 estimate		1967 estimate		1968 estimate	
	Number	Amount	Number	Amount	Number	Amount
Research and development centers:						
New.....	6	\$2,955,000	4	\$2,270,000	-----	-----
Continuing.....	4	3,225,000	9	8,100,000	13	\$11,800,000
Total.....	10	6,180,000	13	10,370,000	13	11,800,000

b. Construction:

1967 estimate..... \$12,400,000
 1968 estimate..... 0

Decrease -12,400,000

Title IV of Public Law 89-10 and Part D of Public Law 89-750, authorizes the Commissioner to make grants and contracts to universities and colleges and other public or private agencies, institutions, and organizations whenever he finds that the purpose of the Act can best be achieved through the construction of a facility for research, or for research related purposes, and that such facility would be of particular value to the Nation or a region.

Section 4(2), title IV of Public Law 89-10 authorized over a period of five years beginning with the fiscal year ending June 30, 1966, \$100,000,000 in the aggregate, to enable the Commissioner to carry out the purpose of the Act. \$20,000,000 was appropriated in fiscal year 1966 and \$12,400,000 in fiscal year 1967. Present planning assumes that \$29,088,000 will be available for obligation in 1968 from the amounts appropriated in fiscal year 1966 and 1967 for the construction of facilities.

Major construction or rehabilitation projects have not been undertaken because the National Program of Educational Laboratories have not been in existence long enough to warrant large expenditure of funds. Policies and procedures for application of construction grants are currently being drafted and should be completed in a very short time. The laboratory staffs are currently assessing facility needs and initiating basic planning activities. Several of the research and development centers are ready to move into the facility design phase of their plans at the present time. As soon as guidelines are completed they will be sent to the laboratories and research and development centers. It is expected that the first construction grants will be made early in Fiscal Year 1968.

2. Research

	1967 estimate	1968 estimate	Increase or decrease
(a) General education:			
(1) General education research.....	\$16,085,000	\$18,850,000	+\$2,765,000
(2) Evaluation studies.....		2,500,000	+2,500,000
(3) National achievement study.....		2,000,000	+2,000,000
(4) Demonstration and development.....	3,000,000	3,000,000	-----
(b) Vocational education.....	10,000,000	17,100,000	+7,100,000
(c) Foreign language education.....	3,100,000	3,000,000	-100,000
(d) Educational media.....	4,400,000	4,400,000	-----
(e) Library improvement.....	3,550,000	3,550,000	-----
Total.....	40,135,000	54,400,000	+14,265,000

JUSTIFICATION OF ESTIMATE

Under this activity, the Office of Education supports individual research projects at many different types of institutions. A major difference between this program and the National Program of Education Laboratories is the greater emphasis on research rather than the systematic development, field-testing, and implementation of research results.

Support under this activity is given proposals in the research areas of general education, vocational education, foreign language education, educational media, and library improvement. Research supported will include study of school administration and school organizational patterns; research on curriculum; study of the roles and functions of teachers and other educational personnel; the study of learning characteristics, including motivation; and research on the change process in education.

The need for successful administration of instructional programs in the Nation's schools has created an increasing demand from State and local educational agencies for more knowledge about the learning process and for improved materials and techniques based on that knowledge. The demand for new techniques and technologies to improve the efficiency and effectiveness of instruction at all levels has been particularly stimulated by recent Federal legislation. New and innovative Federal programs meant to increase the supply of instructional materials, to assist school efforts directed to improvement of educational opportunities for the disadvantaged and to establish exemplary demonstration programs to serve as models for regular school programs have contributed significantly to the demand for increased research efforts.

(1) General education research:

1967 estimate.....	\$16,085,000
1968 estimate.....	18,850,000

Increase or decrease.....	+2,765,000
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JUSTIFICATION OF ESTIMATE

Public Law 83-531, cited as the Cooperative Research Act, as amended by Title IV of P.L. 89-10 and Title I, Part D, of P.L. 89-750, authorizes the Commissioner to make grants to universities, colleges and other public or private agencies, institutions, and organizations and to individuals for research, surveys, demonstrations, and dissemination in the field of education. These awards may be made for a wide variety of projects; there is no limitation on size, area of study, or kind of activity, so long as it is educational research or research-related.

PROGRAM FISCAL YEAR 1966

New activities initiated in fiscal year 1966 included a number of projects relating to innovation in higher education, including medical education. A number of projects relating to the problems of desegregation were also begun. Continuing activities relating to Project Literacy were supported, as were a wide range of activities relating to other areas of educational concern.

PROGRAM FISCAL YEAR 1967

Program areas to be investigated and initiated in fiscal year 1967 include the collection of baseline data in a number of areas on the basis of which educators at the State, local, and Federal level will be better able to evaluate the effectiveness of educational programs of all kinds. A pilot effort was established to help initiate a non-Federally supported activity to assist in the widespread dissemination of information based on actual school use about educational products of all kinds. Activities will also be initiated in the areas of sex education and family life, the improvement of instructional programs at the elementary and secondary level in international education, and in alcohol education. Programs continue in the arts and humanities, and we have expanded our efforts somewhat on research relating to the problems associated with desegregation. New cooperative efforts with the Bureau of Indian Affairs relating to Indian education are being initiated. A group of projects using anthropological techniques in studying the schools as a social institution were also begun this year. Continuing efforts are being conducted in reading, literacy, school administration, and other areas of importance to education. This year the Small Projects Program which involves

total support of up to \$10,000 over a time span of up to 18 months was decentralized to the regional offices in order to serve better the smaller colleges by bringing its administration closer to them.

PROGRAM FISCAL YEAR 1968

In fiscal year 1968, \$18,850,000 is requested for general education research to permit the continuation of activities begun in fiscal year 1967 and to allow a modest expansion into new areas. During fiscal year 1968 we propose to expand our activities in international education, and to begin explorations relating to the development of instructional materials relating to urban life. In support of curriculum development activities we would hope to pursue activities directed to the refinement of the behavioral objectives of instruction. We would also hope to begin some basic research activities in the basic chemical and physical processes involved in learning. Such research efforts would be necessarily small and would be closely coordinated with activities of a related sort now going on in a small way under NSF and NIH support. We would continue to support activities directed to the improvement and expansion of education in the arts and humanities at all levels. We would, in addition, continue to support a wide range of ongoing activities in areas already mentioned in the opening statement.

	1966		1967		1968	
	Number of projects	Amount	Number of projects	Amount	Number of projects	Amount
New.....	445	\$16,387,000	190	\$4,085,000	240	\$4,850,000
Continuation.....	246	7,803,000	317	12,000,000	450	14,000,000
Total.....	691	24,190,000	507	16,085,000	690	18,850,000

(2) Evaluation studies:	<i>Amount</i>
1967 estimate.....	
1968 estimate.....	\$2,500,000
Increase.....	+2,500,000

JUSTIFICATION OF ESTIMATE

Upwards of \$40 billion are spent every year on education in the United States. The Federal share of that increased to \$10 billion in fiscal year 1967. The growth of education programs and the necessarily limited resources available for education require that we collect better and more complete kinds of data on the basis of which evaluations of educational programs at all levels local, State, and Federal can be made. In this category of evaluation studies we propose to begin to collect those kinds of data.

We have become aware of the wide range of the kinds of data which are required in order to evaluate and measure the effectiveness of educational programs at any level. We propose, therefore, to continue and expand in this special category the following kinds of studies some of which will be initiated under the general education research budget in fiscal year 1967.

A continuing study is required to chart the educational path of a broad-ranging sample of American students in order to provide data on the basis of which States and the Office of Education can evaluate the *impact of a variety of new programs*. Such a study would attempt to follow a group of students longitudinally through their education in order to observe the kinds of educational events which happen to them and which may give us clues as to future courses of action educators might pursue.

A study of the relationship between educational training programs and teacher effectiveness is badly needed. This study would attempt to gather data on the effect on teacher competence of various academic, in-service, pre-service and other professional training activities. The study would also attempt to collect data which would permit some evaluation of the relative effectiveness of teacher education programs for improving professional functioning in varying kinds of organizational arrangements in schools.

Other data gathering efforts would be conducted in relation to educational technology, library and auxiliary services, different approaches to instruction for

the educationally deprived, the intake policies of community colleges, student financial aid, vocational education, as well as other areas of concern.

(3) National achievement study:	<i>Amount</i>
1967 estimate.....	
1968 estimate.....	\$2, 000, 000
Increase or decrease.....	+2, 000, 000

JUSTIFICATION OF ESTIMATE

A separate budget item of \$2 million dollars is proposed for fiscal year 1968 to support an outside agency to gather and report nation-wide data on educational achievement. If the survey were to be repeated periodically, this data on the national basis could be used to measure the general progress of education and to pinpoint fields in which efforts should be made to improve skills and knowledge.

Observations about the nature and use of the proposed survey follows:

1. The program will examine what many different types of individuals know. These individuals will be grouped not only by geographical regions but also by sex, social environment, and economic level. Adults as well as children would be included.

2. Repeated surveys of this type could help to chart educational change and would assist in the evaluation of efforts to improve education. Particularly with broad Federal programs the desire of the Congress for evaluation of results will be better served through such information.

3. The collection of achievement data would help identify the impact of various factors outside the educational system which influence the acquisition of knowledge, and give us a better understanding of education itself as well as of its relationship to the mass media.

4. Educational policy making groups, curriculum developers, educational researchers and public officials with responsibilities for education will have new sources of information about both needs and results.

5. The survey would help identify knowledge gaps which have not been met by the present educational system. It would help educators, legislators and the general public form an opinion based on facts about the state of knowledge of the general population about matters which laymen and educators consider important.

6. Instead of relying on the inadequate standard of number of years of school completed, new methods for measuring the outcome of education will become available. The concern about the effectiveness of education, its quality and its impact in the quality of life, will be put into better focus. The improvement of the quality of education in America has always been hampered by our remarkable ignorance of what happens to young people as a result of the time and money expended on them in the schools.

The involvement of the Office of Education in collecting data on educational achievement would rest exclusively in providing grant support to an appropriate independent agency or group which would sponsor the actual study and report its results. Results would be made available to the Congress, to the Administration and to interested educational agencies as well as to the general public.

(4) Demonstration and development:	<i>Amount</i>
1967 estimate.....	\$3, 000, 000
1968 estimate.....	3, 000, 000
Increase or decrease.....	-----

JUSTIFICATION OF ESTIMATE

Examples of programs which might be supported under this activity include curriculum development, hardware development, and the development of model schools of the future—all major undertakings.

The conscious and deliberate translation of research into fully articulated educational programs has never been supported to the extent that corresponding programs have been supported in defense, space, atomic energy, salt water conversion, and other areas. Experience in other fields clearly indicates it is an essential part of the research, development, dissemination, and implementation continuum. The development stage is a critical stage within the research cycle,

as has been pointed out in the Thirty-fourth Report by the House Committee on Government Operations, yet it has often been neglected.¹ Until substantial attention is paid to developing or engineering techniques to be used in the school, research results will remain of little value.

Development in this instance is the process by which new methods and materials are brought into being. It requires utilization of theory, trial and error, experimentation, and refined techniques of assessment. If in education we are to increase the power of the teacher, the administrator, and other educational personnel to create optimal conditions for learning, we must insure that the arduous labor of development is performed to continually expand the professional repertoire of methods, materials and technology. What is sorely needed is a major program designed to translate what we know about learning and curriculum into effective educational programs for use at local option. The program we are proposing here would envision curriculum development covering the entire range of school activities both as they are now conceived and as they are likely to be in ten or twenty years.

A backlog of experience compiled by the National Science Foundation (and recently the Office of Economic Opportunity) demonstrates that curriculum development is an expensive but extremely worthwhile and essential activity. The physics curriculum development study by the PSSC cost \$6 million to develop, but it wrought a revolution in the schools that extends now far beyond the physics where it began.

A second area, the development of educational hardware, has had little systematic and comprehensive attention. Underfinanced, its potential for the improvement of education has been lost. Little of the equipment currently being used by teachers, schools, and libraries is directed to the specific demands of the learning and instructional process. Quite to the contrary, most of it is the result of the adaptation of already existing equipment to educational functions. There are serious consequences. The hardware and technology available to the teaching profession lacks close relation to the exacting tasks which it is called upon to perform. The result is inefficient performance and a low cost-effectiveness ratio for the schools which purchase such equipment. It is proposed to direct resources to the solution of this problem by mounting development programs for hardware specifically designed to meet educational needs.

Curriculum and hardware development require combinations of talent common in industry today but which have only rarely been put together in the field of education. They are efforts which will ultimately involve major commitments of funds but which promise dramatic, and in the long run, highly economical results.

While the National program of Educational Labs will be devoted to such development efforts, these additional development and demonstration funds will enable the office to support a few major development and demonstration projects with other organizations having competence to carry out such functions.

For fiscal year 1968 we propose to continue efforts in the development of a high school physics course and to continue curriculum projects in the social sciences and language arts already underway.

	1966		1967		1968	
	Number of projects	Amount	Number of projects	Amount	Number of projects	Amount
New.....			3	\$1,700,000	1	\$400,000
Continuation.....	1	\$1,901,786	1	1,300,000	3	2,600,000
Total.....	1	1,901,786	4	3,000,000	4	3,000,000

b. Vocational education:

	Amount
1967 estimate.....	\$10,000,000
1968 estimate.....	17,100,000

Increase or decrease..... +7,100,000

¹ Chapter 11-B, of House Report No. 1664, Union Calendar No. 756, Federal Research and Development Programs: The Decisionmaking Process.

JUSTIFICATION OF ESTIMATE

Section 4(c) of Public Law 88-210 authorizes the Commissioner of Education to make grants to colleges and universities, and other public or nonprofit private agencies and institutions, to State boards, and with the approval of the appropriate State board, to local educational agencies, to pay part of the cost of research and training programs and of experimental, developmental, or pilot programs developed by such institutions, boards, agencies, and designed to meet the special vocational education needs of youths, particularly youths in economically depressed communities who have academic, socioeconomic, or other handicaps that prevent them from succeeding in the regular vocational education programs.

PROGRAM FISCAL YEAR 1966

Five hundred sixty research, demonstration, and training grants proposals were reviewed and approximately 300 projects were supported during fiscal year 1966. Grants and/or contracts for research and development projects in vocational education were awarded in 46 States, the District of Columbia, and Puerto Rico. In addition assistance was given in establishing States Research Coordinating Units. Research has been supported in such areas as curriculum development, personal meaning and social significance of work, recruitment and development of teachers and administrative personnel needed in vocation education, motivational studies, and occupational information and career choice processes.

Support for research and development in adult education was also provided under the Vocational Education Act of 1963. Approximately \$1.5 million was used for new or continuing support for projects in the adult education field.

Two Research and Development Centers were supported, one at Ohio State University and the second at North Carolina State University. The Ohio State center has been designated the ERIC clearinghouse which will select, evaluate, index, abstract, and disseminate information in vocational education research materials.

Approximately 57 summer training institutes and workshops involving some 2,711 participants were supported with Section 4(c) funds of P.L. 88-210. The programs were designed to update the skills of vocational education personnel and to provide the opportunity for information exchange between teacher educators and research education leadership at all levels. Seven seminars were held to develop research competencies of individuals concerned with vocational education research activities. These ranged from one to two weeks in length and were attended by more than 290 people.

PROGRAM FISCAL YEAR 1967

In fiscal year 1967, the appropriation for Vocational Research is \$10 million. About \$8 million of this amount is being utilized to continue the establishment and development of the State Research Coordinating Units for vocational education, to continue the operation of the two research centers in vocational education, and to meet the continuing cost of long-range research and development projects initiated in fiscal year 1965 and fiscal year 1966. The remaining \$2 million was available for initiation of new projects in areas of high priority concern.

By the close of fiscal year 1967, some 500 new proposals will have been received and only 12 percent of these approved and funded.

PROGRAM FISCAL YEAR 1968

For fiscal year 1968, \$17,100,000 is requested for research in vocational education. Approximately \$9 million will be used for continuation cost in the establishment and development of the State Research Coordinating Units for vocational education, to continue the operation of the two research centers in vocational education, and to meet the continuing cost of long-range research and development projects initiated in fiscal year 1966 and fiscal year 1967. About \$8.1 million will support the initiation of new research. The rapid acceleration of technology and the concern with expanding employment opportunities for the disadvantaged has led vocational research to direct its attention to the following areas of concern: (1) Development of an organic curriculum representing a significant improvement in vocational instruction and an important means of reducing the socio-economic disparities that prevail in our country, including (a) a design for teaching generalizable occupational concepts rather than narrow

vocational skills subject to obsolescence; (b) the relationship of flexible scheduling, self-instructional methods, and new educational technology as applied to occupational training; (c) the development and cataloging of measurable behavioral objectives for occupational training; (d) the design and validation of assessment instrument for measuring attainment of behavioral objectives; (e) the completion of design of instructional elements and components of a systems curriculum, integrating general and vocational education; (f) the development of subject matter content for new occupations; and (g) measuring the effect of work-study experience and placement on the learning process and motivation of vocational students. (2) Research in the economics of school operations in the hope of funding more efficient methods of structuring vocational education (current research evidence demonstrates vocational training programs are considerably more expensive than general or academic or preparatory programs). (3) Comparative and cost-benefit studies of programs in public vocational schools as compared with programs in private institutions, industry, and Job Corps Centers will be conducted. (4) Manpower resources will be examined in terms of changing demands, changing labor supply, and the crucial needs of emerging institutions in the manpower development field. (5) By continuing research it is hoped that answers to questions will be found which will help young people develop realistic occupational goals and achieve the best possible preparation for their careers. (6) The problems of administration and evaluation will be explored in order to overcome the barriers which now exist in preparing youngsters for the jobs that are likely in the near future. In general, these programs will seek to identify instructional methods which will develop the total capacity of the individual, including the intellectual, manipulative, creative, and the social. The focus of such research will concern itself with all education and will treat vocational education as an integral part.

In addition to research on the specific problems concerned with vocational education, there will be an increased emphasis on adult and continuing education.

The authorization for fiscal year 1968 is \$22,500,000.

	1966		1967		1968	
	Number of projects	Amount	Number of projects	Amount	Number of projects	Amount
New.....	230	\$15, 279, 000	70	\$2, 000, 000	175	\$8, 100, 000
Continuation.....	35	2, 004, 000	80	8, 000, 000	90	9, 000, 000
Total.....	265	17, 283, 000	150	10, 000, 000	265	17, 100, 000

c. Foreign language research:

	<i>Amount</i>
1967 estimate.....	\$3, 100, 000
1968 estimate.....	3, 000, 000
Increase or decrease.....	— 100, 000

JUSTIFICATION OF ESTIMATE

PURPOSE AND SCOPE OF ACTIVITY

Title VI, Part A, Section 602 of the National Defense Education Act authorizes the Commissioner "directly or by contract, to make studies and surveys to determine the need for increased or improved instruction in modern foreign languages and other fields needed to provide a full understanding of the areas, regions, or countries in which such languages are commonly used, to conduct research on more effective methods of teaching such languages and in such other fields, and to develop specialized materials for use in such training, or in training teachers of such languages or in such fields."

PROGRAM FISCAL YEAR 1966

During fiscal year 1966 sixty-three contracts supported projects designed to improve instruction in modern foreign languages in three general areas authorized under Title VI, Section 602, NDEA: studies and surveys, research and experimentation, and the development of specialized materials.

Examples of the surveys include one of language and area studies for East-Central and Southeastern Europe and a survey of bibliographies and reference

works on Asia, Africa, Latin America, Russia, and East Europe. Examples of research and experimentation include studies on language and language behavior and an investigation of the order of presentation of foreign language grammar drills in relation to their explanation. Examples of the development of specialized materials include a handbook of supplementary readings to accompany a syllabus on the civilization of India and a project directed to the development of instructional materials in Chinese-Mandarin.

PROGRAM FISCAL YEAR 1967

In fiscal year 1967, the Office of Education will continue to support projects which promise to improve instruction in modern foreign language teaching in the United States. A special effort will be made to expand research activities in the field of computer-assisted instruction. In the past, several projects have been supported in programmed instruction of foreign languages, but there are various areas which have not received attention. These include the role of the teacher, the efficiency of computerized instruction as compared to other methods, specialized materials, and programming techniques. It is also contemplated that a higher proportion of funds will support area studies leading to a greater understanding of those areas in which the major foreign languages are spoken.

PROGRAM FISCAL YEAR 1968

For fiscal year 1968, \$3,000,000 is requested for foreign languages research. The language research activities was formally supported under the Defense Educational Activities appropriation.

The authorization for fiscal year 1968 is \$3,000,000.

The objectives of the program are the provision of basic research knowledge and the development of applied teaching techniques and specialized materials in needed language areas at all levels of education. Basic research on the nature of language itself and of the language learning process will be supported. Attention will continue to be given to developing a series of courses on the common languages of the world which will be available in a coordinated sequence to all grade levels. Materials will be developed to meet the needs of people who specialize in critical geographic areas. In addition in fiscal year 1968, it is hoped to move toward the support of the development of curriculum materials designed to provide learning experiences related to the peoples, cultures, nations, and regions where particular languages are spoken.

	1966		1967		1968	
	Number of projects	Amount	Number of projects	Amount	Number of projects	Amount
New.....	56	\$2,600,374	70	\$2,600,000	70	\$2,500,000
Continuation.....	7	99,637	10	500,000	10	500,000
Total.....	63	2,790,011	80	3,100,000	80	3,000,000

d. Educational media:	<i>Amount</i>
1967 estimate.....	\$4,400,000
1968 estimate.....	4,400,000
Increase or decrease.....	-----

JUSTIFICATION OF ESTIMATE

PURPOSE AND SCOPE OF ACTIVITY

Title VII of the National Defense Education Act stated that the Commissioner, "in cooperation with the Advisory Committee on New Educational Media, shall (through grants or contracts) conduct, assist, and foster research and experimentation in the development and evaluation of projects involving television, radio, motion pictures, and related media of communication which may prove of value to State or local educational agencies in the operation of their public elementary or secondary schools, and to institutions of higher education, including the development of new and more effective techniques and methods, (1) for

utilizing and adapting motion pictures, video tapes and other audio-visual aids, film strips, slides and other visual aids, recordings (including magnetic tapes) and other auditory aids, and radio or television program scripts for such purposes; (2) for training teachers to utilize such media with maximum effectiveness; and (3) for presenting academic subject matter through such media."

PROGRAM FISCAL YEAR 1966

During fiscal year 1966, media research support was directed to such problems as development and evaluation of educational television broadcasts designed to enrich the lives of culturally disadvantaged pre-school children and their parents, study of eye movements of television-viewing students in an effort to develop sound data bases for composition and organization of materials being presented, the influences or career choices and racial attitudes exerted by visual identification of members of minority races in professional settings; and evaluation of school counselors in practice counseling sessions, correlated with training of the counseling student.

PROGRAM FISCAL YEAR 1967

The year will see development of a more broadly-based dissemination program than in earlier years. This will be reflected in two ways: first, initiation of activities in a number of program areas which will foster dissemination of educational research findings and diffusion of innovation in areas of immediate and long-range concern for general improvement of our schools and colleges; and second, closer articulation of the older media dissemination program with the newer, general program.

PROGRAM FISCAL YEAR 1968

For fiscal year 1968, \$4,400,000 is requested for educational media. This activity was formerly supported under the Defense Educational Activities appropriation.

The authorization for Title VII is \$4,400,000 for 1968.

Research in the uses of New Educational Media will continue to receive major attention in fiscal year 1968. Topics studied will include: the role of educational media in learning of verbal materials; the development and evaluation of automated learning equipment for remedial instruction for disadvantaged students; the application of modern instructional technology to the community college; the development of exemplary programming for instructional television; and the use of modern automatic data processing techniques to improve techniques of educational administration.

	1966		1967		1968	
	Number of projects	Amount	Number of projects	Amount	Number of projects	Amount
New.....	52	\$2, 477, 557	55	\$2, 900, 000	55	\$2, 900, 000
Continuation.....	40	1, 462, 927	40	1, 500, 000	40	1, 500, 000
Total.....	92	3, 940, 484	95	4, 400, 000	95	4, 400, 000

e. Library improvement:

1967 estimate.....	\$3, 550, 000
1968 estimate.....	3, 550, 000

Increase or decrease.....

JUSTIFICATION OF ESTIMATE

PURPOSE AND SCOPE OF ACTIVITY

Part B of Title II of the Higher Education Act authorized the Commissioner to make grants to institutions of higher education and other public or private agencies for research and demonstration projects relating to the improvement of libraries or the improvement of training in librarianship.

PROGRAM FISCAL YEAR 1967

During fiscal year 1967, the first year in which appropriations were received for work in this area, we are concentrating on stimulating research and development in six major areas. They are: (1) investigations concerned with the library as an institution; (2) identification of the characteristics and needs of library users and the current response of libraries to these needs; (3) studies concerned with the improvement of intellectual access to library materials through development and testing of bibliographic, indexing, and other techniques; (4) investigations directed toward improvement of the technical processes employed in libraries; (5) studies looking toward the technological requirements of libraries; and (6) research on library recruitment, training, and education. The significance of research in this area stems, in part from the extensive Federal effort in support of libraries and library related activities, a commitment in Fiscal Year 1966 which amounted to \$610 million.

PROGRAM FISCAL YEAR 1968

For fiscal year 1968, \$3,550,000 is requested. This activity was formerly funded under the Higher Educational Activities appropriation.

An amount of \$15,000,000 is authorized for Part B in fiscal year 1968, including librarian training which is justified under the appropriation "Libraries and Community Services."

These funds will be used to maintain support of the six major program areas already described; however, more emphasis will be based upon interpretive, developmental, and dissemination activities.

	1966		1967		1968	
	Number of projects	Amount	Number of projects	Amount	Number of projects	Amount
New.....			90	\$3,550,000	13	\$500,000
Continuation.....					77	3,050,000
Total.....			90	3,550,000	90	3,550,000

3. Training:

1967 estimate.....	\$6,500,000
1968 estimate.....	7,000,000
Increase or decrease.....	+500,000

JUSTIFICATION OF ESTIMATE

Title IV—Section 2(b) of Public Law 89-10 as amended by Title I, Part D, of P.L. 89-750, authorized the Commissioner to make awards to public, private, profit and non-profit-making institutions, organizations, and agencies, to assist them in providing training in research and research-related areas in the field of education. Awards may be made for training programs at the undergraduate, graduate and postdoctoral levels, for institutes, inservice programs, and special projects dealing with educational research, and for institutional development of training capabilities.

The emphasis on innovative educational activities in recent years as exemplified by the need for developing more effective techniques for reaching educationally deprived children and adults and for building better articulated school programs for the academically talented as well as the vocationally oriented has created a high demand for research and research-related personnel. The purpose of the Educational Research Training Program is to encourage, stimulate, and support training in educational research in those areas related to the ultimate implementation of research such as curriculum development, specialists in education technology, and dissemination specialists. This is done by developing and strengthening training staff at various institutions, assisting in the development of specialized training programs, and by enabling a greater number of persons to pursue careers in educational research by granting trainee stipend awards.

In July of 1963, a total of approximately 4,000 persons were actively engaged in educational research, of which less than half devoted 50 percent or more of

their time to research and related activities. By fiscal year 1965, the number of researchers in education had increased by only a few hundred, even though estimates indicated that the requirements of the Elementary and Secondary Education Act alone would demand some 6,000 new educational researchers in 1966 and a total of 130,000 by fiscal year 1972.

PROGRAM FOR FISCAL YEAR 1966

In Fiscal Year 1966 the following six programs were established under the Educational Research Training Program:

1. The undergraduate program to recruit career researchers from the ranks of the ablest undergraduates.

2. The graduate training program intended to attract outstanding students in the field of educational research and to help graduate schools develop, expand, and to raise the quality of programs leading to advanced degrees in disciplines relating to educational research. The graduate program is the principal mechanism for increasing the flow of competent, committed research personnel into the field.

3. The postdoctoral program established to update research competence and to acquaint trained researchers in other fields with research in education.

4. The institute program was established to provide short-term intensive training in particular aspects of research. An institute might focus on any area of specialization related to educational research and on any level of research competence.

5. The support program including seminars, workshops, personnel exchanges, in-service training programs, or other non-degree programs not fitting into the pattern of the institute program.

6. Program development grants were offered to strengthen college and university staffs and to develop curricular training in educational research.

PROGRAM FOR FISCAL YEAR 1967

Reduction of the level of support from \$7,277,000 in Fiscal Year 1966 to \$6,500,000 in the current year will require reprogramming of research training activities. Since more benefits may be expected to accrue, both immediately and in the long run, from diversified efforts among all six program areas, support for all six program emphases has been continued. The undergraduate research training program, however, was supported at a reduced level in Fiscal Year 1967.

Highest priority was given to continued support of the graduate programs begun during the previous year. Among all types of training programs, the graduate program has the greatest potential for long-term benefits to educational research. These programs produce individuals who can most competently direct research, train additional researchers, provide consultative assistance to educational agencies, and who will remain on the leading edge of their field.

The awards for support of graduate training programs have several important multiplier effects. Because of submission and review requirements, support for graduate training programs has resulted in development of new approaches and new courses in the graduate curriculum of universities receiving the awards. Their graduate programs in education have been strengthened generally and the quality of offerings raised. Further, a broader interdisciplinary base for educational research has been developed and more practical experience in educational research operations has been incorporated into the academic programs.

In spite of the urgent need for new researchers, budget limitations during Fiscal Year 1967 precluded the support of a "second wave" of students to follow those introduced the year before. Graduate training programs normally provide support for up to three years of graduate study. The funds allocated in Fiscal Year 1967, however, permitted only the continuance of last year's "freshmen" graduate class. Now that they are sophomores, there are no new freshmen (the second wave) behind them. These same limitations limited support to new programs to those few having some outstanding characteristic, such as new substantive focus, unique geographical location, or potential for development of graduate training for individuals who will devote their careers to the application of research through the development and diffusion of educational innovations. Thus, the total number of graduate students supported in Fiscal Year 1967 has not increased significantly over the number in Fiscal Year 1966.

The postdoctoral program was changed from an institutional program to a competitive national honors program among individual applicants. Approximately

200 applications were filed for the 20 fellowships available this year. Applications will be screened with the assistance of professional associations to designate the top 30 candidates, from which the 20 fellows will be selected. This change will increase the prestige of the postdoctoral program and encourage competition among the most capable researchers who desire retraining or want to plunge into a new area of research demanding more complex skills.

The number of institutes funded in FY 1967 has been reduced, with priority given to institutes planned for State educational agency personnel and to institutes designed as models of training in critical areas.

More special training projects were funded in FY 1967 than in FY 1966, but at a lesser total cost. Experience has indicated that important audiences can be reached by supporting short training sessions scheduled on the site of, and just before or after, annual professional meetings, thereby reducing support costs for such activities.

Finally, the 28 program development grants awarded in the previous year have been continued at a scheduled one-third reduction, but no new awards were made.

PROGRAM FOR FISCAL YEAR 1968

The request for Fiscal Year 1968 is \$7,000,000. This increase from the FY 1967 appropriation of \$6,500,000 will provide a modest expansion in total resources, but the increasing need for highly qualified researchers will lead to a reorientation of dollars to those programs which will contribute most to the manpower pool. The undergraduate training program, consequently, will be deactivated for the coming year. It will thus be possible to initiate a small number of new graduate training programs and make a slight increase in the total number of students in graduate education for research. The postdoctoral, institute, and special training programs will all be maintained at their Fiscal Year 1967 levels. A programmed reduction in program development grants already in operation will also contribute somewhat to the slight increase in resources for the graduate training program.

Distribution of awards, trainees, and funds by program category

[Cost in thousands]

Program category	1967										1968				
	Awards			Trainees			Amount			Awards		Trainees		Amount	
	New		Total	New		Total	Base		Total	Base		New		Total	
	Base	New	Total	Base	New	Total	Base	New	Total	Base	New	Base	New	Base	Total
Undergraduate.....	11	---	11	115	---	115	\$110	---	\$110	0	0	0	0	0	0
Graduate.....	83	3	86	784	16	800	4,528	\$472	5,000	92	5	745	260	\$4,705	\$1,380
Postdoctoral.....	12	3	15	20	---	20	375	---	375	0	15	0	20	0	375
Institute.....	10	---	10	300	---	300	400	---	400	0	10	0	300	0	250
Special project.....	5	---	5	407	93	500	213	37	250	3	12	140	360	28	100
Program development.....	28	---	28	---	---	---	365	---	365	28	0	---	---	190	190
Total.....	149	6	155	1,626	109	1,735	5,991	509	6,500	123	42	885	940	4,923	7,000

4. Dissemination:	
1967 estimate.....	\$2, 415, 000
1968 estimate.....	2, 400, 000
Increase or decrease.....	- 15, 000

JUSTIFICATION OF ESTIMATE

The Cooperative Research Act as amended by Title IV of P.L. 89-10 authorized the dissemination of information derived from educational research.

In the past, there has been no central coordination point for Bureau of Research dissemination activities. All funds requested for support of dissemination activities will be used to support the program of the Educational Research Information Center (ERIC.)

The basic program objective of ERIC is the establishment and maintenance of an effective information system which will provide reliable, current educational research and research-related information promptly and inexpensively to a wide variety of audiences: teachers, administrators, other education specialists, researchers, public officials, business and industry groups, and the public.

To accomplish this objective, ERIC is being developed as the national information system that can link research and development specialists with users of their products. At the same time ERIC will become the most important formal communication network for the research community.

PROGRAM FOR FISCAL YEAR 1966

During 1966 the basis for ERIC was firmly established and initial services were provided to the educational community. A special collection of 1,740 documents describing programs for educating the disadvantaged was sent to all State and 600 local educational agencies. Indexes to these documents also were distributed and are available through the Government Printing Office. By the end of 1966, the basic elements required for ERIC were established. The ERIC system now consists of a combination of Office of Education staff (Central ERIC), and twelve clearinghouses (not all supported under Cooperative Research), with certain technical services provided by contracts with North American Aviation and Bell and Howell. OE staff provides direction for the overall development, management and coordination of the system; each of the clearinghouses focuses on a separate topic and is responsible for acquiring, reviewing and preparing abstracts and indexes for documents in its field of interest; North American Aviation provides the technical services required for combining the abstracts and indexes of documents from all clearinghouses with similar descriptions of all reports received from projects supported by the Bureau of Research and delivers all the information in the form required for publication and distribution to the educational community; and Bell and Howell prepares microfiche (4x6-inch microfilm) or hard copy (pamphlet form) of all documents and, under contract, operates the ERIC Document Reproduction Service (EDRS). Through ERIC the results of millions of dollars of research effort are being made available to any interested persons, and at extremely low cost. For the first time, educators, administrators, researchers, and others will have a comprehensive source of information about latest developments in education.

The locations and titles of the present 12 ERIC clearinghouses are:

- ERIC Clearinghouse on Junior Colleges, University of California at Los Angeles, Los Angeles, California
- ERIC Clearinghouse on Exceptional Children, Council for Exceptional Children, National Education Association, Washington, D.C.
- ERIC Clearinghouse on Linguistics and the Uncommonly Taught Languages, Center for Applied Linguistics, Washington, D.C.
- ERIC Clearinghouse on Reading, Indiana University, Bloomington, Indiana
- ERIC Clearinghouse on Counseling and Guidance, University of Michigan, Ann Arbor, Michigan
- ERIC Clearinghouse on Science Education, Ohio State University, Columbus, Ohio
- ERIC Clearinghouse on Small Schools and Rural Compensatory Education, New Mexico State University, University Park, New Mexico
- ERIC Clearinghouse on the Disadvantaged, Yeshiva University, New York, New York

ERIC Clearinghouse on the Teaching of Foreign Languages, Modern Language Association of America, New York, New York

ERIC Clearinghouse on School Personnel, City University of New York, New York, New York

ERIC Clearinghouse on Vocational and Technical Education, Ohio State University, Columbus, Ohio

ERIC Clearinghouse on Educational Administration, University of Oregon, Eugene, Oregon

PROGRAM FOR FISCAL YEAR 1967

During 1967, the first document announcement bulletin, Research in Education, was released by ERIC through the Government Printing Office. Each month this publication provides up-to-date information about new projects supported through the Bureau of Research, Office of Education, and outlines information from final reports received from completed projects. An annual index will be published to increase the value of the separate monthly issues. Also, the program to develop the nation's first comprehensive list of educational terms will result in the publication of the ERIC thesaurus in the summer, 1967. The thesaurus is required for indexing and retrieval of ERIC documents, but it will provide a common base for use by all groups involved in storing and retrieving educational materials.

From March to April, 1967, ERIC staff and consultants will review proposals for establishing an estimated four additional clearinghouses.

PROGRAM FOR FISCAL YEAR 1968

During 1968 the eight clearinghouses funded under the Cooperative Research Act in 1966 and the estimated four clearinghouses established under the same authority in 1967 will be continued at approximately the same levels as in previous years. (The other four clearinghouses established in 1966 were and are supported under funds from research programs other than the Cooperative Research Act.)

Central ERIC will continue to process and disseminate information about all research activities supported through the Bureau of Research, including, and with special emphasis upon, incorporating reports from Regional Educational Laboratories and Research and Development Centers supported through the Office of Education into the ERIC collection. Preliminary efforts begun in 1967 to provide information services, through ERIC, for activities supported under Title III, ESEA, will be continued in 1968. Another major emphasis will be on developing a program to provide up-to-date, comprehensive information based on articles appearing in a wide range of professional and scientific journals. We anticipate that this program will be developed cooperatively by several agencies within the Department of Health, Education, and Welfare. In addition, ERIC will begin acquisition of documents relating to education growing out of support of other agencies such as the National Institute of Mental Health, the National Science Foundation, the National Institute of Child Health and Human Development, the Office of Economic Opportunity, and the Department of Defense. ERIC will thus begin to move toward becoming the most comprehensive single source of information about educational research and development in the world.

Instead of not knowing where to inquire or having to direct numerous inquiries to a large number of places, educators will be able to look to ERIC as a single source of information. As a result, human and monetary resources can be freed from unproductive searching for new ideas and our total national investment in educational development will be focused more directly on developing required and effective educational programs. The \$2.4 million requested under dissemination assumes support from other authorizations will be received to underwrite some of the specialized centers closely allied to the interest of those authorizations.

	1966		1967		1968	
	Projects	Amount	Projects	Amount	Projects	Amount
New.....	8	\$1,166,169	4	\$1,600,000	-----	-----
Continuation.....	-----	-----	8	815,000	12	\$2,400,000
Total.....	8	1,166,169	12	2,415,000	12	2,400,000

BUDGET REQUEST SUPPORT

Senator HILL. Research and training.

Mr. BRIGHT. Yes, sir.

Mr. Chairman, I am pleased to appear before you to testify in support of our 1968 request of \$99,900,000 for "Research and training," an increase of \$8,850,000 over the 1967 revised appropriation of \$91,050,000.

RESEARCH MAJOR CATEGORIES

The research activities sponsored by the Office of Education fall into major categories:

(1) Efforts to improve our knowledge of how learning takes place so that teaching and learning can be more effective and more efficient.

(2) Efforts to develop improved curriculum and teaching methods so that schools and colleges will have available the best educational materials, the most appropriate equipment and more effective teachers.

(3) Efforts to demonstrate the use of new learning theories, the new curriculum materials, new institutional organizations, and new teaching methods so that teachers, school administrators and school board members can see how these new techniques can actually be applied in their local schools.

(4) Efforts to make it possible for all educators to have ready access to the results of education research and demonstration activities so that promising new developments in education are put to use in our schools and colleges as rapidly as possible.

(5) Efforts to train specialists in educational research and development so that activities like those listed above can be carried out by competent people and so that States and local districts will have a supply of research trained personnel to help evaluate and improve their programs.

The new federally supported education programs of recent years have added greatly to the demand for the five activities outlined above. For example, in the Elementary and Secondary Education Act, the Congress asks the educators of the country to find more effective ways to educate those children with whom the schools have failed—the children of poor families. School districts endeavoring to respond to this challenge need the help of research findings, of effective demonstrations, and of special efforts to make the new knowledge available.

CURRICULUM UPDATING REQUISITE

The increase and change in basic knowledge and modern society and technology require continual updating of curriculum content for all ages.

All levels of education from kindergarten through vocational institutes, adult retraining programs and graduate schools need assistance in determining the proper use of new ways of teaching and learning through electronic devices.

RESEARCH GRANTS AND CONTRACTS

The Office of Education does not conduct any research itself. All of these research and development activities are carried out under grants or contracts with universities, State agencies, local school dis-

tricts, or various other public or private institutions. These grants or contracts may be grouped into several major categories:

Educational laboratories; project support; dissemination activities; and training of educational researchers.

EDUCATIONAL LABORATORIES

In 1966 and 1967, the Office of Education established 20 educational laboratories across the country. We are requesting \$24,300,000 for 1968, a modest increase over the estimated \$18 million expenditure in 1967.

Senator HILL. How many new laboratories would you contemplate?

Mr. BRIGHT. We do not contemplate any more laboratories. This increase would simply enable them to undertake these programs which they have really been planning for the last year and a half. There would be no new laboratories of this type established.

These laboratories are new nonprofit organizations whose governing boards include teachers, superintendents, State school officers, and university personnel. We believe that these educational laboratories, with their broad local representation, are fast becoming major keys in the transition from research to implementation.

The laboratories will concentrate on assembling and developing specific materials and techniques based upon sound research, and will conduct the necessary research and related activities to make those materials and techniques available to teachers and children. In this way, each laboratory is charged with the task of helping schools to identify needs and goals and to put into practice the best of what is already known.

Their programs can be continuously adjusted in the light of experience and the results attained in realistic local school applications. A network for exchange of information is expected to facilitate cooperative working relationships, not only among the laboratories but with other research and development programs and with activities supported under titles I and III of the Elementary and Secondary Education Act.

COMMITTEE OF EXPERTS

A committee of outside experts appointed by the Secretary works closely with the total laboratory program to assure a balanced and productive thrust toward educational improvement.

Senator HILL. You might supply for the record the names of the members on this committee now.

Mr. BRIGHT. Be very glad to do so.

Senator HILL. Who is the chairman? Do you know?

Mr. BRIGHT. Frank Chase.

Senator HILL. From where?

Mr. BRIGHT. The University of Chicago.

(The committee membership follows:)

ADVISORY COMMITTEE ON NATIONAL EDUCATIONAL LABORATORIES

Bailey, Stephen K., Dean of Maxwell Graduate School, Maxwell School, Syracuse University, Syracuse, New York.

Bloom, Benjamin S., Professor of Education, Department of Education, University of Chicago, Chicago, Illinois.

Chase, Francis S., Chairman, Professor of Education, Judd Hall, Chicago, Illinois.

Dayton, Mona (Mrs.), Tucson, Arizona.

Essex, Martin W., Superintendent of Public Instruction, State Department of Education, 608 State Office Building, Columbus, Ohio.

Gage, Nathaniel L., School of Education, Stanford University, Stanford, California.

Getzels, Jacob W., University of Chicago, Chicago, Illinois.

Meyers, John F. (Rev.), Superintendent of Schools for the Diocese of Dallas-Fort Worth, Dallas, Texas.

Phillips, Howard M., President, Birmingham Southern University, Birmingham, Alabama.

Proctor, Samuel D., Director, Institute for Services to Education, 2000 P Street, N.W., Washington, D.C.

Schaefer, Carl J., Professor, Graduate School of Education, Rutgers State University, New Brunswick, N.J.

Tyler, Ralph W., Director, Center for Advanced Study in Behavioral Sciences, 202 Junipero Serra Boulevard, Stanford, Calif.

Whitmer, Charles A., Section Head of Studies and Curriculum Improvement, National Science Foundation, 1800 G Street, N.W., Washington, D.C.

RESEARCH AND DEVELOPMENT CENTERS

The research and development centers are located at universities and carry on continuous, concentrated efforts to explore and find solutions to particularly pressing problems in education. The 1968 request of \$11,800,000 provides continuation costs for the 10 existing centers and support for the new activities started in 1967, the early-childhood coordinated center program and the two centers to provide data and analyses for educational policymakers.

The main thrust of the centers is in the generation of new knowledge and the development of new educational materials, practices, and procedures. These "products" are given pilot tryouts in local school settings, but there is more widespread testing and evaluation in a variety of communities through the cooperation of the educational laboratories and the title III innovative centers.

TRAINING OF RESEARCHERS

At this point, it seems appropriate to note that the quality and effectiveness of educational research and development depend upon the efficiency and effectiveness of the people who carry out these activities.

The budget request of \$7 million will support training of about 1,825 researchers and represents a modest expansion of \$500,000 over 1967. It represents an emphasis toward those programs which will contribute most to the manpower pool which is so desperately needed. This thrust is of utmost importance if we are to meet the urgent needs for the development of more effective educational techniques.

DISSEMINATION OF RESEARCH FINDINGS

The request of \$2,400,000 for dissemination is to support the program of the Educational Research Information Center (ERIC) which serves as a national source of information on current educational research and research-related activities and findings. As a result of the services of Central ERIC and its clearinghouses, educators can be made aware of and locate the information they need about current educational research and demonstrations.

OTHER RESEARCH SUPPORT

The largest item in our proposed budget is \$18,850,000 for the support of specific research and research-related projects. These include studies to increase our knowledge of learning and to improve curriculum materials and instructional techniques for all levels from preschool through college and adult education programs. Most projects are conducted at universities but the resources of State departments of education, local school districts, and various profit and nonprofit organizations are also utilized in this important program.

RESEARCH PROJECTS

Projects cover a very wide range of subject areas but typical examples are: Early reading programs, English for Spanish-speaking students, individualized instruction, remedial materials for dropouts, comparative education studies.

CHARACTER BUILDING IN SCHOOLS

Senator HILL. Let me ask you a question, sir.

You know the tremendous importance of knowledge in this scientific age in which we live; we are getting ready to go to the moon. President Johnson left Saturday night and he arrived in Guam yesterday afternoon. I don't know how many weeks it would have taken him in the old days to get there by boat.

Nuclear bombs and Polaris submarines and all those sorts of things—how much effort of schools today is being devoted to character building?

NATIONAL CHARACTER DEGENERATION CATASTROPHIES

You know, Rome conquered an unknown world; it was not the vandals from without that destroyed Rome. It was the degeneration of character that brought about Rome's downfall and that is the whole story in the Old Testament if you read the downfall of nations.

VOCATIONAL EDUCATION CURRICULUM

Mr. BRIGHT. Actually, of course, this is one of the main purposes that educators will say they have in the education system. In effect, there is very little that is of the curriculum that is specifically oriented toward this particular goal. Actually this is closely related to one of the areas where I think that we will be concentrating a fair amount of attention in this coming year.

One thing we are planning to do under the Vocational Education Act is to develop a curriculum for high school students who are not academically bound to the universities. This accounts for about 80 percent of the students that are enrolled in the general and educational programs. Here we want to look very much at the establishment of curriculums or techniques for achieving many of these nonacademic goals that the schools have talked about but really have not well stated in the past and developed techniques for specifically achieving, character building, knowledge of how to get along with other people on jobs, have some realization of their own personal goals as to what is

realistic for them, the ability to live and participate in modern social life, community life and things like this.

INTERRELATION OF DISCIPLINE AND MOTIVATION

Senator HILL. Does discipline play any part in your program?

Mr. BRIGHT. Discipline is very closely related to student motivation and we are studying particularly those directed to individualization of instruction which are so set up that the good students are not bored but are continually challenged and the poor students are not lost but progressing at their own pace and being successful most of the time, that when you have systems such as this the discipline problems disappear. The discipline problems arise because the students are not motivated.

Senator HILL. Do you think the proper motivation takes care of the discipline?

Mr. BRIGHT. I do.

TEACHER TRANSMISSION OF CHARACTER

Mr. HOWE. Senator, could I make an observation on that?

Senator HILL. Yes.

Mr. HOWE. While I fully support the idea of research and curriculum development to see what the schools can do to reach for the more intangible kind of thing you focus upon, I also suspect that there are elements of this that we can neither buy nor legislate and that character building in the schools has a great deal to do with the kinds of people particularly the adults, who associate with the youngsters in the schools. Moreover, the quality of the teaching staff and the kind of personal relationship that exists between the teaching staff and the young people in the schools probably has more effect on what rubs off in terms of character building than perhaps anything we might do with the curriculum.

TEACHER TRAINING AND PROFESSIONALISM

So, it seems to me that if one looks broadly at the programs of the Office of Education, he might come to the conclusion that perhaps our efforts to provide greater teacher training opportunities, particularly throughout the career of the teacher, may ultimately do more in the direction of character building than perhaps some of the other activities we have; in other words, that the encouragement of strong people to enter the profession, the encouragement of these people while they are in the profession to stay in it, and the business of making it a real professional expertise will help to bring the kind of people in the schools that will offer this opportunity to young people.

TEACHER STRIKES AND DISRESPECTFUL STUDENTS

Senator HILL. I think I saw recently in the New York Times of the strike there on the part of the teachers, didn't I?

Mr. HOWE. Yes, sir.

Senator HILL. What effect will that have on the children, the parents?

Mr. HOWE. It puts them through a very difficult experience.

Senator HILL. It does, indeed.

I believe I saw a story here in one of the Washington papers about a pupil suffering a broken leg scuffling with a teacher. Such a thing was unthought of in my day and time, I might say.

KNOWLEDGE AND CHARACTER REQUIREMENT

I think that is a matter we need to give more thought to myself, character building. We gain all this knowledge, and I am all for gaining this knowledge, and we have been gaining this knowledge and we have to have this knowledge, but this Nation ought to have character as well as knowledge.

Mr. HOWE. Yes, sir.

Senator HILL. We need character as well as knowledge. If we don't have the knowledge, the character won't save us.

All right, sir.

DEMONSTRATION AND DEVELOPMENT

Mr. BRIGHT. We are requesting \$3 million for the support of development and demonstration activities. These activities would include the development of special equipment for instructional use, the development of new administrative techniques, and the support of demonstrations to test and evaluate promising innovative techniques in operating school situations. Until substantial attention is paid to developing and demonstrating techniques to be used in the schools, research results will remain of little value.

EVALUATION AND NATIONAL ACHIEVEMENT STUDIES

Before we turn to our requests for support of educational research in specialized areas, I want to discuss briefly two items which are new in our 1968 estimate. I am referring to the request of \$2.5 million for support of evaluation studies and \$2 million for a national achievement study. Upward of \$40 billion are spent every year on education in the United States. The Federal share of that has increased to \$10 billion in 1967. Yet we have relatively meager baseline data to measure the effectiveness of various educational programs or approaches. Actual student achievement data is needed to provide a basis for determining the impact of these programs, and may give us clues to the future courses of action educators might pursue.

Among the evaluation studies which need to be made are the relationship between teacher effectiveness and teacher training; the effects of supplemental stimulation (such as visits to museums and libraries); library circulation in relation to holdings; impact of technology on achievements and attitudes of schoolchildren.

In addition, studies would evaluate systematically Federal programs at all levels of the educational structure. The type of questions to which answers will be sought will include the following: What are the most promising ways for the Federal Government to stimulate innovation in education? What real effects have the existing Federal programs achieved? What would be the effect of redirecting Federal aid to elementary and secondary schools into new channels? Is Federal intervention in the higher education area insuring access to college education for children of poorer parents?

With these funds, the Office of Education plans to take a new look at the objectives and effectiveness of Federal programs in education in order to give direction to future legislative proposals, and to provide objective information to both the executive and legislative branch about the operation, successes, and failures of these programs.

VOCATIONAL EDUCATION AND TRAINING

The request of \$17.1 million for vocational education research will restore the program to the approximate level of fiscal year 1966 funding. The rapid acceleration of technology and the concern with retaining of adults and expanding employment opportunities for the disadvantaged has continued to add to the increasingly heavy demands for all kinds of vocational research activities to improve programs and practices and upgrade the professional skills of teachers and administrators.

Approximately half of the \$17,100,000 will be used for continuation costs in the establishment and development of the State research coordinating units for vocational education, the operation of the two research centers in vocational education, and the long-range research and development projects initiated in fiscal years 1966 and 1967.

The remainder will be used for vitally needed new research to develop needed curriculum improvements, to find more efficient methods of structuring vocational education, to compare the effectiveness of various vocational education programs and practices, to examine manpower resources in terms of changing demands, and to find ways to help young people develop realistic occupational goals and prepare for satisfying careers.

FOREIGN LANGUAGE RESEARCH

In the foreign language research program, we are requesting \$3 million. A special effort is being made to expand research activities in the field of computer-assisted instruction, including the role of the teacher, the efficiency of computerized instruction as compared to other methods, specialized materials, and programing techniques. Attention will continue to be given to developing a series of courses on the common languages of the world which will be available in a coordinated sequence to all grade levels, and to adding to the materials available in the less commonly taught languages.

EDUCATIONAL MEDIA

The media research and dissemination program during 1968 will focus on such areas as the role of educational media in learning verbal materials; the development and evaluation of automated learning equipment for remedial instruction for disadvantaged students; the application of modern instructional technology to the community college; the development of exemplary programing for instructional television; and the use of modern automatic data processing techniques to improve educational administration. For this activity, we are requesting \$4 million, the same level as 1967.

LIBRARY IMPROVEMENT

We are requesting \$3,550,000 for library improvement research. Among the research areas to be undertaken are investigations concerned with the library as an institution; identification of the characteristics and needs of library users and ways for libraries to meet these needs; studies to improve bibliographic, indexing, and other techniques; investigations to identify the technical requirements of libraries and to improve their processes; and research on library recruitment, training, and education.

In summary, we believe that our experience in the past year has given us a sound framework for welding together these special and general programs into a balanced overall program. With the assistance of our Research Advisory Council and other advisory groups, we have arranged our efforts to provide support for important major thrusts at the same time that attention has been given to the basic research needed for more long-range educational advancements.

We hope in 1968 to strengthen particularly those activities which bring closer to local schools the objective information they need to implement sound educational change. And we hope, by the baseline studies for which we have asked special support, to help provide direction for important educational decisions in the years ahead at both the national and the local levels.

We will be happy to answer any questions you may have.

CHARACTER BUILDING

Senator HILL. Well, you will think in terms of character building, will you?

Mr. BRIGHT. Yes, sir. I think we need a lot of emphasis in the areas in which the schools are being called upon to fulfill which a generation or two ago they were not.

JUVENILE CRIMES

Senator HILL. Here 2 or 3 years ago I checked the matter and I found that the majority of the crimes in this country are being committed by juveniles 19 years of age and younger.

Mr. BRIGHT. Yes; this is true. One has to be a little careful in separating out the categories of crime but certainly there is a very high increase.

Senator HILL. Some crimes are worse than others but one who commits a minor crime today, he might well commit a more serious crime tomorrow; is that right?

Mr. BRIGHT. That is right. Certainly, the evidence indicates that.

Senator HILL. You are against crime, aren't you?

Mr. BRIGHT. Yes, sir.

Senator HILL. All right.

Well, you will think in terms of that character building because I think that is important myself. I realize and I say we live in a whole new world now. Thomas Jefferson founded his medical school in Virginia in 1925 and sent a man over to Edinburgh to get Dr. Dunnison to come over to organize the school and to be the first dean. It took that fellow over 3 months to get from Charlottesville, Va., to Edin-

burgh, Scotland. Today he would get in a car; he would drive to Dulles Airport in about 50 minutes and in a few hours' time he would be in Edinburgh.

Mr. BRIGHT. This is correct.

Senator HILL. We are in a whole different world. I know that when we read all the time about these missiles.

Mr. BRIGHT. Right. I cannot resist making the comment that there has been a considerable difference in the emphasis that the Federal Government has given to developing high-speed aircraft and that of developing effective instructional techniques.

Senator Hill. That is right. You keep in mind now these defective educational techniques because having character is one of its major objectives.

Mr. BRIGHT. Right. The schools are being called upon to do today many things which formerly were assumed would be done in the home and the church and we find this assumption is not valid for large parts of our population.

Senator HILL. That is certainly true.

EDUCATIONAL RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

STATEMENTS OF R. LOUIS BRIGHT, ASSOCIATE COMMISSIONER FOR RESEARCH, ACCOMPANIED BY HAROLD HOWE II, COMMISSIONER OF EDUCATION; PETER P. MUIRHEAD, ASSOCIATE COMMISSIONER FOR HIGHER EDUCATION; SAMUEL G. SAVA, ACTING DIRECTOR, DIVISION OF HIGHER EDUCATION RESEARCH; MRS. FREDRIKA M. TANDLER, ASSISTANT TO THE ASSOCIATE COMMISSIONER FOR INTERNATIONAL ACTIVITIES; S. WILLIAM HERRILL, EXECUTIVE OFFICER, BUREAU OF HIGHER EDUCATION; NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION; JOE G. KEEN, BUDGET OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

EDUCATIONAL RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

For payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States, for necessary expenses of the Office of Education, as authorized by law, **[\$1,000,000]** \$4,600,000. to remain available until expended: *Provided*, That this appropriation shall be available, in addition to other appropriations to such agency, for payments in the foregoing currencies.

EXPLANATION OF LANGUAGE CHANGE

The proposed inclusion of "and Training" in the appropriation title will provide a clearer description of the activities which are funded under this appropriation account.

Amounts available for obligation

	1967	1968
Appropriation.....	\$1,000,000	\$4,600,000
Unobligated balance brought forward.....	938,395	
Total.....	1,938,395	4,600,000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Research in foreign education.....	\$1,079,841	\$1,800,000	+\$720,159
Training, research, and study grants.....	858,554	2,800,000	+1,941,446
Total obligations.....	1,938,395	4,600,000	+2,661,605

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
21 Travel and transportation of persons.....	\$300,000	\$450,000	+\$150,000
25 Other services.....	1,638,395	4,150,000	+2,511,605
Total obligations by object.....	1,938,395	4,600,000	+2,661,605

Summary of changes

1967 enacted appropriation.....	\$1,000,000
1968 estimated appropriation.....	4,600,000
Total change.....	+3,600,000

Increases	Base	Changes from base
Program:		
1. Research in foreign education.....	\$500,000	\$1,300,000
2. Training, research, and study grants.....	500,000	2,300,000
Total change requested.....		3,600,000

EXPLANATION OF CHANGES

1. In order to continue work already begun in research in foreign education and to initiate new projects, an increase of \$1,300,000 is requested over the \$500,000 authorized for 1967.

2. An increase of \$2,300,000 is requested in 1968 for the continuation and expansion of the training, research, and study grants programs which promote modern foreign language training and area studies by assisting in the funding of overseas activities to benefit American educational institutions.

Educational research and training (special foreign currency program)

	1967 estimate	1968 estimate	Increase
Research in foreign education.....	\$500,000	\$1,800,000	+\$1,300,000
Training, research, and study grants.....	500,000	2,800,000	+2,300,000
Total.....	1,000,000	4,600,000	+3,600,000

JUSTIFICATION OF ESTIMATE

Public Law 480, 83rd Congress, as amended, authorizes the use of foreign currencies derived from the sale of surplus agricultural commodities abroad for scientific research and the promotion and support of educational and cultural development (Title I, Sec. 104(k)).

An appropriation of \$1,000,000 is available for fiscal year 1967 for purchase of currencies in Burma, Ceylon, India, Israel, Pakistan, Poland, Tunisia, United Arab Republic (Egypt), and Yugoslavia. Foreign currencies from these countries have been determined by the U.S. Treasury to be in excess of requirements of the United States and will be used for educational research, foreign language training, and area studies.

The total amount requested for fiscal year 1968 is \$4,600,000 for purposes of continuing and expanding the existing program.

A. Research in foreign education

Efforts in this area are devoted to support of research, study and analysis of foreign educational systems, experience and progress by foreign investigators in their own country or by U.S. investigators resident in a country where P.L. 480 funds are available. The purpose of these efforts is to determine the relationship that educational developments in other countries may have to the problems and needs of the United States' system and to research any developments that appear to be of value to us.

Twenty-three projects were continued through fiscal year 1966—14 in Israel and 9 in India. Summer project development efforts were started in the United Arab Republic. In 1967, project activity will continue to be centered in Israel and India, but the United Arab Republic will also see marked expansion of project activity.

In order to continue work already begun in this area and to initiate new projects, an increase of \$1,300,000 is requested over the \$500,000 appropriated for 1967.

1. *Research projects on certain foreign educational problems also faced in the United States.*—In some of the countries where P.L. 480 funds are available, there have been educational problems and developments in areas similar to those in American education. Information and research on methods and techniques associated with them is of value to American educators seeking to understand more about similar situations existing in the United States. For example, education of the handicapped and the gifted can be profitably studied in Poland.

2. *Research projects on extension and improvement of teaching English as a foreign language.*—This is an area of particular concern to U.S. education for at least four major reasons: (1) the increasing need felt in this country to improve methods of teaching English to those whose native language is not English (such as Spanish speaking minorities); (2) the increasing demands being placed on U.S. education and U.S. teachers through technical cooperation programs of universities, educational organizations, foundations, and government agencies, such as the Peace Corps, to assist in developing English language programs abroad; (3) the increasing numbers of foreign students and other educational visitors to the U.S. who need to have a good general background of English; and (4) the general national interest of the U.S. in improvement of English language teaching abroad.

3. *Research projects on the foreign student returning from the U.S.*—An area in which basic research is urgently needed is the reentry of the foreign student into his own culture and the adequacy of his U.S. education and experience for this purpose. American educational institutions could do a much better job of arranging effective programs for foreign students if they had systematic data on what happens to students returning to their own countries after their U.S. experiences. Efforts in this area will include studies of the situation with respect to the recognition of American educational experience and conferred degrees of returning foreign students for purposes of employment and professional advancement. This is a serious problem in many countries both to the students and to the prestige and image of American education.

4. *Surveys and studies of problems of education and development in relation to national and economic development.*—Many of the P.L. 480 countries have either recently or in the not too distant past emerged from a state of colonialism, and are also at various states of emergence from a state of economic underdevelopment. In most of them education is regarded as a principal means of rapid national development. Intensive studies directly related to the role of education in connection with the various changes occurring in a number of these countries, shed considerable light on the development process in different societies.

They are of value to this country's educational institutions and to personnel assisting in educational development both in other overseas areas and in depressed areas in the U.S. such as Appalachia. One field of study is the role of vocational education and popular attitudes towards it in the national development process. Still another is the impact of education upon society, including the economic payoff from investments in education.

5. *Bibliography projects.*—These projects provide for the scanning of foreign educational literature and the preparation, publication, and dissemination in the United States of annotated bibliographies.

B. Training, research, and study grants

These grants are intended to promote modern foreign language training, area studies and a comparative study of educational systems and other fields of National interest to American educators by supporting visits, seminars, and study in foreign countries by school administrators, curriculum supervisors, and teachers to improve their skill in languages and their knowledge of the culture of other people. Funds amounting to \$2,800,000 are requested in 1968 for the continuation and expansion of this activity.

1. *Support for Foreign Studies in Institutions of Higher Education.*—An amount of \$2,300,000 is requested in fiscal year 1968 to provide grants to American institutions of higher education to extend and improve their curricula in modern foreign language and area studies.

During fiscal year 1966 twenty-one grants were made to American institutions of higher learning and professional organizations under a foreign studies extension program to enable them to carry out projects overseas designed to improve language and area studies in their institutions. A total of 249 individuals were included in the projects. Eight teams comprised of 54 American college professors and administrators conferred with their foreign colleagues, surveyed educational practices, course content, and materials in their fields of interest. Eight seminars in language or area studies with a total of 184 American professors and students were held in four countries. One center for developing curriculum materials for American schools was established in India and two grants were made for the purchase of materials. Five grants were made for assistance with university requests for overseas research and study for eight of their faculty members.

In 1967 assistance will be provided to 18 of the 61 requests from American institutions of higher education with about 260 individuals participating.

The demands from American colleges and universities for assistance with overseas activities are increasing rapidly. Each institution wishes to add this dimension to its regular curricular offerings or to expand such activities if they now include some overseas activities. The number and quality of requests received prior to the announcement of the fiscal year 1967 program indicates that qualified projects totaling the amounts in the fiscal year 1968 budget will be received in fiscal year 1967. The passage of the International Education Act of 1966 will intensify the demand for foreign currencies because all projects in countries where foreign currencies are available should continue to be financed in that manner. It is estimated that 48 projects with about 575 participants will be supported under the Foreign Studies Extension Program representing an increase of 30 projects above the 1967 estimate.

	1966	1967	1968
Number of projects supported.....	21	18	48
Number of participants.....	249	260	575

2. *Support for Foreign Studies in Elementary and Secondary Schools.*—An amount of \$500,000 is requested in this program to promote modern foreign language training, area studies, and other fields of national interest to American educators by supporting visits, seminars, and study in foreign countries by curriculum supervisors, teachers, and graduate students training to become elementary and secondary school teachers. The purpose will be to improve their skill in languages and their knowledge of the culture of other people.

During 1966, nineteen elementary and secondary school supervisors or curriculum directors of social science from eighteen States received awards from the Office of Education to study in India in the fall of 1966. They participated in a two-month educational project which included a six-week seminar arranged by the Educational Resources Center in New Delhi, Asia, an affiliate of the University of the State of New York. The academic program emphasized educational materials relative to teaching about India and Southeast India. Lectures were given on the geography, history, and social and economic life.

Awards included travel costs, tuition, and an instructional materials allowance. A partial maintenance grant of \$400 was provided, but participants had to assume the additional cost of maintenance estimated to be about \$200. The program cost is about \$50,000.

It is planned that this successful project will be continued.

In 1967 it is planned to repeat the seminar in India for 20 social science supervisors and curriculum directors from large city school systems and State departments of education. A new seminar in comparative education is planned for 20 school administrators in India for two months. A third seminar for 20 secondary school teachers of history will be held in New Delhi, India, during the summer. In addition, a special project in curriculum development and revision will be implemented on the basis of proposals submitted by State departments of education and school systems for 40 elementary and secondary school teachers in the

social studies. The cost for these programs will be approximately \$210,000 in fiscal year 1967.

In 1968, an amount of \$500,000 is requested to finance approximately 200 grants for American teachers, supervisors, and curriculum directors in modern foreign languages, are studies or social sciences, and to provide further opportunities for teachers, supervisors, curriculum directors, State department of education officials and school administrators for further training and experience through selected proposals presented by our own educational institutions.

Summary of estimated obligations, fiscal year 1968

Country	Research in foreign education	Support for foreign studies in institutions of higher education	Support for foreign studies in elementary and secondary schools	Total
Burma.....	\$20,000			\$20,000
Ceylon.....	20,000	\$100,000		120,000
Guinea.....	20,000	50,000		70,000
India.....	850,000	1,230,000	\$248,000	2,328,000
Israel.....	350,000	150,000	52,000	552,000
Pakistan.....	85,000	150,000		235,000
Poland.....	85,000	150,000	52,000	287,000
Tunisia.....	85,000	100,000		185,000
United Arab Republics.....	85,000	230,000	100,000	415,000
Yugoslavia.....	200,000	140,000	48,000	388,000
Total.....	1,800,000	2,300,000	500,000	4,600,000

INCREASE OVER 1967

Mr. BRIGHT. Continuing, the presentation for the educational research and training (special foreign currency program).

Senator HILL. All right. Continue.

Mr. BRIGHT. The fiscal year 1968 budget includes \$4,600,000 in special foreign currencies under Public Law 480, an increase of \$3,600,000 over the previous year, for support of research and training in countries where such funds are available.

RESEARCH PROJECT

An amount of \$1,800,000 is to be used for research projects to be undertaken in countries which are for the most part in the process of rapid economic and social development and which have assigned to education a significant role in this process.

Investigations will be made of educational problems found both in the United States and in the countries concerned in order to provide insights into the domestic situation in the United States as well as into the cultural context in education in other lands. The education of minority groups; of culturally deprived populations; and of socially, economically, physically, and mentally handicapped children will be among the aspects of education receiving attention.

Research and experimentation in teaching English as a foreign language for the purpose of developing teachers in this field will be continued and possibly extended to additional countries.

The work of compiling, publishing, and distributing annotated bibliographies in English of current educational studies and reports appearing in other countries, along with the translation of selected items from these bibliographies for the use of researchers and the

educational community, will be continued in the eight countries involved in fiscal year 1967.

SUPPORT OF OVERSEAS SERVICES

The request includes \$500,000 for support of overseas services designed to increase the international understanding of elementary and secondary school teachers as well as of supervisors at these levels and of school administrators. Most of these projects will be carried out in India.

As in the previous 2 years, projects will be supported which will enable institutions of higher education to improve their offerings in language and area studies. Our request includes \$2,300,000 for this purpose. Grants will be made to institutions for the acquisition of materials in the foreign area, for upgrading faculty members through contact with their counterparts abroad, and through workshops, study, and research in other cultures.

Emphasis will be placed on activities which will enrich the curriculum and increase the firsthand knowledge of faculty members involved in language and area studies programs. The budget request will expand these activities by supporting 16 more projects in 1968 than in 1967, bringing the total number of projects up to 48 for fiscal year 1968.

Through this program, our institutions of higher education will have greater assurance of an adequate supply of well-qualified instructors in the field of modern languages.

We will be happy to answer any questions you may have.

Senator HILL. How long has this program been going on now?

Mr. BRIGHT. This program, several years. I believe the first year was 1961.

TEACHING OF ENGLISH IN SCHOOLS AND UNIVERSITIES

One of the most valuable parts of the program I think that we have been incorporating more in this last year has been programs for teaching English in the schools and universities in those countries.

Senator HILL. In these other countries?

Mr. BRIGHT. Yes; which serve two purposes. It is both extremely valuable to us to have populations in those countries able to speak English and also it gives us curriculum materials for teaching English to that same population in this country.

Senator HILL. Anything you gentleman would like to add?

SALARIES AND EXPENSES

STATEMENTS OF NORMAN KARSH, ASSISTANT COMMISSIONER FOR ADMINISTRATION, ACCOMPANIED BY HAROLD HOWE II, COMMISSIONER OF EDUCATION; JAMES A. TURMAN, ASSOCIATE COMMISSIONER FOR FIELD SERVICES; ALEXANDER M. MOOD, ASSISTANT COMMISSIONER FOR NATIONAL CENTER FOR EDUCATIONAL STATISTICS; JOE G. KEEN, BUDGET OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

FUNDS AND POSITIONS REQUESTED

APPROPRIATION ESTIMATE

SALARIES AND EXPENSES

For expenses necessary for the Office of Education, including surveys, studies, investigations, and reports regarding libraries; coordination of library service on the national level with other forms of adult education; development of library service throughout the country; purchase, distribution, and exchange of education documents, motion-picture films and lantern slides: **\$35,150,000**, including \$100,000 to be available only for the National Advisory Committee on Education of the Deaf, \$100,000 to be available only for the National Conference on Education of the Deaf, and \$150,000 to be available only for transfer to the appropriation "Office of the Secretary, Salaries and Expenses" for a comprehensive study of training programs financed in whole or in part with Federal funds] *and for rental of conference rooms in the District of Columbia; \$40,253,000.*

EXPLANATION OF LANGUAGE CHANGES

The proposed deletion represents that portion of the 1967 language which was added by the Senate to specify funds for the National Advisory Committee on Education of the Deaf, the National Conference on Education of the Deaf, and a comprehensive study of Federal training programs. The 1968 budget request for the Office of Education includes no amounts for these activities; therefore the provision is no longer necessary.

The proposed inclusion of "and for rental of conference rooms in the District of Columbia" will provide the Office of Education with authority to rent space to hold conferences when such suitable space is not available on Government-owned facilities.

Amounts available for obligation

	1967	1968
Appropriation.....	\$35, 150, 000	\$40, 253, 000
Transfer to "Operating expenses, Public Buildings Service, General Services Administration" (rent).....	-241, 000	-----
Transfer to "Salaries and expenses, Office of the Secretary".....	-150, 000	-----
Comparative transfer from "Elementary and secondary educational activities".....	800, 000	-----
Comparative transfer to "Higher education for international understanding".....	-475, 000	-----
Comparative transfer to "Educational improvement for the handicapped".....	-2, 800, 000	-----
Comparative transfer to "Salaries and expenses, Office of the Secretary".....	-188, 000	-----
Proposed for separate transmittal: Pay supplemental.....	740, 000	-----
Total.....	32, 836, 000	40, 253, 000

Obligations by activities

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Office of Commissioner.....	201	\$3,135,200	201	\$3,455,900	-----	+\$320,700
National Center for Educational Statistics.....	272	4,850,500	272	6,644,200	-----	+1,793,700
Office of Field Services.....	349	4,181,200	634	8,014,400	+285	+3,833,200
Administration and Contract Services.....	217	2,584,300	217	2,675,900	-----	+91,600
Elementary and secondary education.....	555	7,198,400	555	8,066,700	-----	+868,300
Adult and vocational education.....	202	2,821,200	202	2,945,300	-----	+124,100
Higher education.....	533	4,077,100	333	4,253,300	-----	+186,200
Research.....	261	3,286,500	261	3,485,700	-----	+199,200
Education of handicapped.....	60	701,600	69	701,600	-----	-----
Total obligations.....	2,450	32,836,000	2,735	40,253,000	+285	+7,417,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	2,450	2,735	+285
Full-time equivalent of all other positions.....	96	96	-----
Average number of all employees.....	2,248	2,617	+369
11 Personnel compensation:			
Permanent positions.....	\$21,101,000	\$24,900,000	+\$3,799,000
Positions other than permanent.....	865,000	865,000	-----
Other personnel compensation.....	372,000	372,000	-----
Total personnel compensation.....	22,338,000	26,137,000	+3,799,000
12 Personnel benefits.....	1,487,400	1,762,200	+274,800
21 Travel and transportation of persons.....	1,868,000	2,108,000	+240,000
22 Transportation of things.....	30,000	40,000	+10,000
23 Rent, communications, and utilities.....	1,070,600	1,516,500	+446,200
24 Printing and reproduction.....	868,000	902,200	+34,200
25 Other services.....	4,557,700	7,149,400	+2,591,700
26 Supplies and materials.....	339,200	367,700	+28,500
31 Equipment.....	275,100	267,700	-7,400
42 Insurance claims and indemnities.....	2,000	2,000	-----
Total obligations by object.....	32,836,000	40,253,000	+7,417,000

Summary of changes

1967 enacted appropriation.....	\$35,150,000
Proposed supplemental: Increased pay costs (Public Law 89-504) ..	740,000
Transfer to "Operating expenses, Public Buildings Service," Gen- eral Services Administration (rent).....	-241,000
Transfer to "Salaries and expenses, Office of the Secretary".....	-150,000
Comparative transfer from "Elementary and secondary educational activities".....	800,000
Comparative transfer to "Higher education for international under- standing".....	-475,000
Comparative transfer to "Educational improvement for the handi- capped".....	-2,800,000
Comparative transfer to "Salaries and expenses, Office of the Secre- tary".....	-188,000
1967 total estimated obligations.....	32,836,000
1968 estimated obligations.....	40,253,000
Total change	7,417,000

	Base		Changes from base	
	Positions	Amount	Positions	Amount
INCREASES				
A. Built in:				
1. Annualization of 333 new positions authorized in 1967 for 37 percent of the year (210 man-years).....				\$2, 227, 200
2. Payment to Civil Service Commission for Interagency Board of Examiners.....		\$27, 600		16, 000
B. Program:				
1. Field services functions.....	349	4, 059, 000	285	2, 772, 500
2. Machine tabulation.....		997, 000		1, 003, 000
3. Studies and contracts.....		2, 400, 000		1, 548, 200
Total, program increase.....			285	7, 566, 900
DECREASES				
A. Nonrecurring items (total).....				-149, 900
Total net changes requested.....			+285	+7, 417, 000

EXPLANATION OF CHANGES

An increase of \$2,227,200 is requested to annualize the 333 new positions authorized in 1967.

A \$16,000 increase is requested for payment to the Civil Service Commission for Interagency Board of Examiners.

An increase of 285 new positions and \$2,772,500 is requested to perform increased activities due to the conversion of grant programs from headquarters to the field.

An increase of \$1,003,000 is requested to allow the Office the necessary funds to computerize its statistical data.

An increase of \$1,548,200 is requested for additional studies and contracts required by the Office.

A decrease of \$149,900 is provided for non-recurring items.

Explanation of transfers

	1967 estimate	1968 estimate	Purpose
Transfer to—			
“Operating expenses, Public Buildings Service,” General Services Administration.	\$241, 000	\$241, 000	Rental of space.
“Salaries and expenses, Office of the Secretary.”	150, 000	150, 000	Conference report added language transferring these funds for a comprehensive study of administration programs.
Comparative transfer from “Elementary and secondary educational activities” (adult education).	800, 000	800, 000	To provide a coordinated presentation of administrative activities.
Comparative transfer to—			
“Higher education for international understanding.”	475, 000	475, 000	These functions were transferred to Assistant Secretary for Education.
“Educational improvement for the handicapped.”	2, 800, 000	2, 800, 000	To provide a coordinated presentation of the handicapped programs.
“Office of the Secretary, salaries and expenses.”	188, 000	188, 000	Transfers funding of the National Advisory Committee on Education of the Deaf and the Federal Interagency Committee on Education to the Assistant Secretary for Education.

New positions requested, fiscal year 1968

Field services	Grade	Annual salary
Program officer (3)	GS-15	\$52,650
Education specialist (4)	GS-15	70,200
Education specialist (11)	GS-14	166,166
Program officers (45)	GS-14	679,770
Regional representative (9)	GS-14	135,954
Education research adviser (7)	GS-13	90,111
Program officer (25)	GS-13	321,825
Financial management officer (4)	GS-13	51,492
Program officer (38)	GS-12	415,226
Administrative officer (5)	GS-12	54,635
Program assistant (20)	GS-11	184,420
Information assistant (6)	GS-11	55,326
Program assistant (7)	GS-9	53,872
Program assistant (7)	GS-7	45,157
Secretary-stenographer (3)	GS-7	19,353
Secretary-stenographer (14)	GS-6	82,138
Secretary (6)	GS-6	35,202
Secretary (32)	GS-5	170,592
Secretary (12)	GS-4	57,312
Clerk-typist (14)	GS-4	66,864
Clerk (13)	GS-3	55,497
Total new positions (285)		2,863,762

Senator HILL. There is a little item here of "Salaries and expenses."

I don't suppose there is much interest in this item, is there, "Salaries and expenses"?

Mr. KARSH. We do have a rather general interest in this.

Senator HILL. All right. You may address yourself to it.

Mr. KARSH. Mr. Chairman, the fiscal year 1968 request for salaries and expenses totals \$40,253,000 and will provide for 2,735 positions in the Office of Education. This represents only 1 percent of the total funds being requested for all programs being administered by the Office of Education.

Senator HILL. Just 1 percent goes to salaries?

Mr. KARSH. Yes.

Senator HILL. That is, it goes to salaries of Federal employees?

Mr. KARSH. Salaries and the supporting costs.

MANY NEW PROGRAMS

Many new programs for educational assistance have been authorized by Congress in the last few years. The 89th Congress, for example, passed legislation and accompanying appropriations in the amount of \$3.3 billion. The total Office of Education appropriation request for fiscal year 1968 amounts to \$4.1 billion and of this total \$3.4 billion, or 83 percent, is for programs that have been authorized since fiscal year 1964, when renewed emphasis was directed toward educational assistance.

These new programs are providing assistance to all levels of education. We are attempting to meet our obligation to both the educational community and the Congress by assuring that appropriate procedures and information are available; by providing program administration and support; and by being the liaison between the Federal Government and the State and local educational agencies.

Our plans for fiscal year 1968 are essentially a continuation of those for the current year.

Senator HILL. Do you have much increase?

Mr. KARSH. We have 285 positions.

1968 PLANS

Our plans for the current year include these:

(a) The establishment of staff competency in our nine regional offices, in order that recipients of funds in States and school districts can have better access to us and avoid the necessity of coming to Washington for day-to-day operational problems.

(b) The continued emphasis on modern techniques of collecting, disseminating, and evaluating vital information to provide all interested groups the data needed to determine the status and progress being made in our many programs.

(c) A constant review of our administrative machinery to insure that we are conducting our operations in the most effective and efficient manner.

INCREASES OVER 1967

The fiscal year 1968 budget reflects an increased requirement of \$7,417,000 and 285 positions. The primary elements of increase are:

(a) Cost of 285 new positions in fiscal year 1968, \$2.8 million.

Senator HILL. Of these 285 positions, how much will be in regional offices?

Mr. KARSH. They will all be in regional offices.

(b) Annualization of positions authorized in fiscal year 1967, \$2.1 million.

(c) Increased use of ADP, \$1 million.

(d) Administrative support, \$1.5 million. Total, \$7.4 million.

ADDITIONAL POSITIONS

The request for the additional 285 positions is related to the increased operations in the field. These positions, located outside of Washington, will materially help the process of program implementation at all levels.

Since the Office of Education appeared before this committee last year, we have made one major change in our organizational structure. A Bureau of Education for the Handicapped has been established. This Bureau will administer programs relating to the education and training of handicapped children.

My colleagues and I will be glad to answer any questions you may have.

RENTAL OF SPACE

Senator HILL. I notice your language here "and for rental of conference rooms in the District of Columbia, \$40,253,000." The \$40 million is the total, of course, but then in the rental, why do they need the rental?

Mr. KARSH. We have a precedent within the administrative rules and procedure of the executive branch that specific authority is necessary in order to rent space in the Washington area. It has a considerable precedent. We have been getting space such as this through the General Services Administration. We feel that this is more of a clear-

ing kind of an authorization that will speak to whether the authority exists for rental in this area.

TOTAL RENTAL COST

Senator HILL. How much are you spending for rental now?

Mr. KARSH. Our total rent that we pay for the entire Office of Education amounts to approximately \$300,000 or \$400,000 and this includes the total need. This provision speaks only to the rental of conference space outside.

BUREAU FOR EDUCATIONAL IMPROVEMENT OF HANDICAPPED

Senator HILL. I notice you have a 40-percent increase in your program line of educational improvement for the handicapped but none in the administrative course. Is that right?

Mr. KARSH. Our Bureau for Educational Improvement of the Handicapped was established this year, as you know, and it provided for 60 positions that we currently have. We are requesting a supplemental which will be coming to the committee shortly for an additional 20 positions.

ABSORBING OF POSITIONS

In fiscal year 1968, because of the mechanics and the timing of processing the budget, we have not increased our request which we had already indicated as 285 positions entirely for the field. We have not had the opportunity to reflect a further increase to match the 1967 supplemental so we will be absorbing those positions.

Senator HILL. You don't think you are asking for another supplemental next year?

Mr. KARSH. Not for this particular purpose.

Senator HILL. Not for this particular purpose.

Mr. KARSH. And, of course, now we have no plans at all.

Senator HILL. Anything else you would like to add?

Mr. KARSH. No; thank you, Mr. Chairman.

Senator HILL. All right.

We want to thank you gentlemen very, very much. Thank you. We appreciate your testimony.

Mr. HOWE. Thank you.

VOCATIONAL REHABILITATION ADMINISTRATION

STATEMENTS OF MISS MARY E. SWITZER, COMMISSIONER; ACCOMPANIED BY PAUL W. PYLE, JR., DEPUTY COMMISSIONER; JOSEPH HUNT, ASSOCIATE COMMISSIONER, PROGRAM SERVICES; JAMES F. GARRETT, ASSOCIATE COMMISSIONER, RESEARCH AND TRAINING; SAMUEL E. MARTZ, ASSISTANT COMMISSIONER, ADMINISTRATION; EDWARD G. TROELL, CHIEF, DIVISION OF BUDGET AND FISCAL OPERATIONS; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

PREPARED STATEMENT

Senator HILL. Now Miss Mary Switzer.

Good morning. How are you this morning?

Miss SWITZER. Good morning. I am fine; yes, indeed.

Senator HILL. Glad to have you proceed now in your own way.

Miss SWITZER. Thank you very much, Mr. Chairman.

I have an opening statement which I would like to put in the record but I will try to summarize it in the interest of time.

Senator HILL. All right.

(The statement follows:)

I am pleased to present to you today the 1968 Appropriation request of the Vocational Rehabilitation Administration. It is always a pleasure for me to discuss our plans and programs with this Committee.

The President's Budget request is positive and forward looking and will enable the VRA to extend the record of continued advances which have marked the program over the past fifteen years. The request will help back to useful, more meaningful life more than 218,000 disabled persons. This is a fifteen percent increase over the 190,000 persons expected to be rehabilitated in 1967.

The rehabilitation program is now beginning to feel the full impact of the 1965 Amendments to the VR Act and the broadened approach to rehabilitation. The benefits of the new program are dramatized by the enthusiastic support of the State rehabilitation agencies, the increased interest on the part of other State health, education, and welfare agencies cooperating in the rehabilitation effort, and the many and diverse non-profit agencies and organizations.

The VRA budget request includes five appropriations. The largest one is entitled "Grants to States for Rehabilitation Services and Facilities." A total of \$311,550,000 is requested for FY 1968, an increase of \$52.5 million over the current year. It includes \$287 million for basic support of the State vocational program (authorized by Sec. 2 of the VR Act) and which finances the services provided by the State VR agencies; \$3.2 million for Innovation grants (authorized by Sec. 3); \$7.5 million for grants to State agencies and other public and non-profit agencies for *expanding* VR services (Sec. 4(a)); \$3,850,000 for grants for the Construction of Facilities and Workshops (Sec. 12); and \$10 million for grants for Workshop Improvement, (Sec. 13).

GRANTS TO STATES, SUPPORT GRANTS (SEC. 2)

A total of \$287 million is requested for FY 1968, an increase of \$51 million over the current year. The FY 1967 base assumes a supplemental appropriation of \$15

million in addition to the \$221 million already appropriated for this purpose to match the funds being made available by the States this year.

The 1965 Amendments stipulated the total authorization for the Sec. 2 grants for each of the years 1966-1968 and set the authorization at \$350 million in FY 1967 and \$400 million in FY 1968. This authorization is also the basis on which State entitlements for Federal grants are calculated. These entitlements are based on a formula using State population and per capita income as the factors which determine the State's share of the Federal allotment. The State funds available for rehabilitation services to the disabled under Section 2 are matched on a 3:1 basis within the amount to which the State is entitled under the Federal allotment.

The increase of \$51 million (from \$236 million to \$287 million) requested for FY 1968 is made necessary by (1) The increase in the appropriation authorization for 1968 over 1967, and (2) the increase of almost \$16 million in the State funds available for rehabilitation services in FY 1968 (from \$80.7 million this year to \$96.2 million in FY 1968).

We estimate that the State agencies in FY 1968 will restore to productive living 218,500 disabled persons. This will be a new high record and will be an increase of 28,500 rehabilitants or 15% over the 190,000 rehabilitated in FY 1967. The economic and social benefits that accrue both to the disabled person restored to useful life as well as to the economy have been described many times. But as the numbers of rehabilitated persons grow larger these benefits become even more striking.

The VRA for many years has calculated the returns in Federal income taxes made by the disabled persons as a result of his employment. At present, for every dollar spent on rehabilitation it can be expected that the disabled returned to work will return to the Federal government in income taxes at least four times the cost incurred to make them productive.

We have made another type of analysis calculating the economic benefits that will accrue to the economy from the rehabilitation of the disabled, and the results are even more dramatic. Based on the cost of rehabilitating the disabled in 1965, and analyzing the kinds of jobs they obtained and their earnings, we have estimated that the earnings of these disabled during the years they are employed will be about 35 times the cost of their rehabilitation. This is one of the highest cost benefit ratios that have been developed for any social program.

The economic and social returns from rehabilitating the disabled are augmented by the fact that about one in five of the rehabilitants was in receipt of public assistance, or was supported by some other tax supported institution at the time they were accepted for rehabilitation. In FY 1968, it is anticipated that about 42,000 of the rehabilitants will be in these categories.

The increases in the numbers of persons being rehabilitated is being accompanied by substantial increases in restoring the more severely disabled. The increase in the number of mentally retarded being rehabilitated is proceeding at a greater than average rate and in 1968 we anticipate rehabilitation of 24,000 of such persons, twice the number of mentally retarded we rehabilitated only three years ago. The special efforts to rehabilitate the epileptic, the alcoholic, and those with heart disease, stroke, cancer and facial disfigurement are also showing substantial results. Much more, however, remains to be done in these categories.

We are continuing to put major emphasis on reaching the younger disabled person and are intensifying our cooperative programs with the State education agencies.

Last year more than one-fifth of the rehabilitants were under 20 years of age and we expect that next year the percentage will be closer to 1 in 4. The efforts with regard to the young disabled persons are being augmented by a rapidly increasing extension of the VRA program providing rehabilitation services to public offenders. This program is serving both the adult and juvenile offenders by the establishment of VR units within the prisons and reformatories. The VRA State agencies are also working closely with the juvenile courts in many areas to provide services to the disabled young people handled by these courts. The cooperative program which VRA is operating with the Public Health Service to obtain referral and services for the young people rejected in the Selective Service procedures are also bringing early rehabilitation to many disabled young people.

The \$287,000,000 requested for Sec. 2 includes \$5,000,000 to match funds contributed by private non-profit organizations to the State agencies to establish rehabilitation facilities and workshops. This is the same amount as in the 1967 appropriation.

This program is one of the most helpful adjuncts to the service program. It serves to marshal the resources of the non-profit agencies and to bring them into close working relationships with the State VR agencies. The \$5 million available for this program goes mainly for alterations and expansion of existing rehabilitation facilities and workshops; the money is not available for new construction.

The 1968 budget continues the program of rehabilitating disabled Social Security beneficiaries authorized by the 1965 Social Security Act Amendments. Under this program VRA is reimbursed from OASI Trust funds for the cost of rehabilitating disabled beneficiaries.

The use of Trust funds is predicated on the basis that, in time, the total cost of rehabilitating social security beneficiaries will be offset by a reduction in benefit costs paid from the Trust fund. The amendments to the Social Security Act limit reimbursement under this program to 1% of the previous year's payments to disabled beneficiaries which, in 1968, amounts to \$15,370,000. These funds will enable us to rehabilitate an estimated 8,000 beneficiaries.

SECTION 3—INNOVATION GRANTS

The request includes \$3,200,000 for Innovation grants to fund about 130 projects of which 50 will be new. This compares with the \$3 million appropriated for this purpose in FY 1967 of which \$500,000 was placed in reserve and is being utilized to fund part of the 1967 supplemental request for Sec. 2.

Under the 1965 Amendments project support for Innovation projects is available for up to a maximum of five years. The Federal matching rate for these grants is 90% of the project cost for the first three years and 75% for the next two years.

These Innovation projects play an important role in extending services to the more severely disabled. Since enactment of the 1965 Amendments our emphasis in this program has been on providing more help to those with catastrophic or very severe disabilities. Again this year we will focus our attention in the areas of heart disease, stroke, and cancer victims, for paraplegics, and for the severely mentally retarded.

EXPANSION GRANTS

A total of \$7,500,000 is requested for these grants in 1968, an increase of \$1,190,000 over 1967.

The 1965 Amendments authorized a five-year program of project grants to pay 90% of the cost of carrying out special programs to expand vocational rehabilitation services where this promises to substantially increase the number of persons rehabilitated. These grants are made to State, public, and private non-profit organizations.

The program began last year when grants were made to 50 projects. In 1967, support was given to 73 additional projects. The expansion projects generally extended for 3 years and, as a result, the request for FY 1968 includes \$6,150,000 for continuing projects started in prior years and \$1,350,000 for 30 new projects. About one-third of the projects to be supported in FY 1968 will serve specific disability groups such as the blind, mentally retarded, mentally ill, deaf, epileptic, speech and hearing, and alcoholics. The remaining two-thirds of the projects will serve all other types of disabilities in various institutional settings, such as hospitals, correctional institutions and other public and private non-profit institutions. These projects will provide rehabilitation services to about 40,000 disabled persons.

The \$7,500,000 requested for the expansion of rehabilitation services does not include any funds for the State planning program for which \$3,250,000 was provided in FY 1967. The Statewide planning grants were authorized by the 1965 Amendments to the VR Act for the two-years 1966 and 1967. The planning activities are now going in most of the States and the results of these activities will go a long way in charting the future course of the State rehabilitation program.

CONSTRUCTION OF FACILITIES AND WORKSHOPS

This program was authorized by the 1965 Amendments and provides for a five-year program of project grants to assist in the cost of construction and initial staffing of rehabilitation facilities and workshops. Grants are made to public and other non-profit organizations. The Federal share in these projects is governed by the same provisions as the Medical Facilities Survey and Construction Act (Hill-Burton). To provide for these grants in 1968 we are requesting \$3,850,000,

an increase of \$700,000 over 1967, for these particular activities. The FY 1968 request does not include any funds for State planning grants for construction for which \$1,350,000 was available in FY 1967.

The construction funds will provide initial staffing grants for the 17 facilities and workshops expected to be constructed in 1967 and to provide grants to construct approximately 18 additional workshops and facilities in 1968.

The \$3,850,000 requested for this activity includes \$250,000 for project development grants, the same amount requested for 1967. These grants support local planning activities of agencies, institutions, or organizations interested in the development of a workshop or rehabilitation facility. About 50 grants will be awarded in 1968 at an average cost of \$5,000 each.

WORKSHOP IMPROVEMENT ACTIVITIES

We are requesting \$10 million for these activities in 1968, an increase of \$4 million over 1967. The workshop improvement activities were also authorized by the 1965 Amendments to the VR Act. This new activity consists of two programs designed to improve the ability of workshops throughout the country to better serve the needs of the disabled. One is a program of workshop improvement grants and the other is a program of training service grants.

The request includes \$4 million for workshop improvement grants in 1968, the same amount as in 1967. These funds will enable us to support an estimated 160 workshops. These grants primarily involve staffing assistance to workshops to permit them to hire additional personnel necessary to provide a full complement of services to the disabled or to extend existing services. In some cases support is provided in the form of equipment purchase or rental to enable the workshop to compete for sub-contracts and to perform contract work more efficiently.

For training service grants we are requesting \$6 million in 1968, an increase of \$4 million over the amount appropriated in 1967. These grants pay 90% of the costs of projects for providing training services to handicapped individuals in public or other non-profit workshops and facilities. These training services include expenditures for activities such as training in occupational skills, purchase of tools and equipment required by the individual to engage in training, job tryouts, and the payment of weekly allowance to individuals receiving training. Of the \$6 million requested for this program in 1968, \$2 million is needed to continue the program at its current level of about 20 projects and \$4 million will provide for about 40 new training projects in workshops and facilities. Most of these grants will be made to multidisability workshops and some to single disability workshops serving the blind or mentally retarded. Training service grants will only be awarded to workshops which meet the standards developed by the National Policy and Performance Council and the Safety standards prescribed by the Secretary of Labor.

RESEARCH AND TRAINING

For the broad category of research and training the request is for a total of \$65,484,000, an increase of \$5,159,000 over the 1967 level. This appropriation covers Research and Demonstrations, Training, Special Centers, International Research, and a national study of rehabilitation needs.

RESEARCH AND DEMONSTRATIONS

The \$21,850,000 requested for 1968 will enable us to support 406 research and demonstration projects. Of the total amount requested \$14,463,000 will be used to provide continuation costs for 274 projects carried over from prior years and \$7,387,000 will support an estimated 132 new projects.

The main thrust of our research program in 1968 will be in the areas of rehabilitation medicine particularly in relation to heart disease, stroke, and cancer, in projects designed to provide new patterns of rehabilitation services, and in prosthetics and orthotics. Nearly half of our total research projects in 1968 are in these three areas. As with most of our programs for 1968, the research emphasis will be aimed at broadening rehabilitation services and helping the more severely disabled and hard to reach categories.

The pioneering work done under the VRA research and demonstration program in developing new or improved techniques over the past ten years accounts for much of the progress we are making today in reaching and serving successfully the more severely disabled. The tremendous and widespread interest today in rehabilitating the mentally retarded can be traced back to the research and

demonstration grants which the VRA made to the New York AHRC and the McDonald Center in Florida.

Today a similar opportunity presents itself in the field of correctional rehabilitation—the vocational rehabilitation of disabled public offenders. Typical of the uniqueness of the VRA research projects is a grant that was recently made to the Montefiore Hospital in New York City. This project is studying the effects of providing plastic surgery services along with other rehabilitation services to certain adult prison inmates who have facial and skin disfigurements. The results thus far indicate that the correction of the facial and other physical disfigurements reduces recidivism.

The VRA research program is also very much concerned with increasing the effectiveness and efficiency with which rehabilitation services are delivered. Even with expanding training programs for rehabilitation manpower, qualified professional personnel will remain scarce.

In a recently approved project, for example in Everett, Washington, twenty-five employers including the Mayor's office have agreed to the use of their establishments and offices to evaluate the vocational potentials of disabled persons, particularly the mentally ill and mentally retarded. In another very significant project in the Watts area of Los Angeles, experimentation is going on with the possibilities of having aides do some of the tasks usually carried out by a fully trained counselor.

The approximately 400 research and demonstration projects to be supported in FY 1968 are the key to the ability of the VRA to effectively reach and rehabilitate the more severely disabled.

TRAINING

We are requesting \$32,543,000 for our training activities in 1968, an increase of \$2,834,000 over the \$29,700,000 appropriated in 1967. Rehabilitation manpower is still in critically short supply. Our training programs provide broad support to institutions and students for short and long-term training projects, for fellowships and traineeships, and provides for inservice training of State vocational rehabilitation personnel. The objective of these programs is to increase the number of trained personnel in fields related to rehabilitation, thereby increasing our ability to rehabilitate larger numbers of disabled persons. About half of the requested increase next year is to provide 300 long-term traineeships in rehabilitation counseling.

The rehabilitation counselor is the pivot on which the rehabilitation program is balanced. It is the Counselor who is the focal point for working with the disabled person and the many services which must be brought together to rehabilitate the disabled. Last year, the VRA rehabilitation counselor training program produced about 550 graduates; this year about 1,000 counselors will be graduated. However, this is still only about one-third of the projected increase in FY 1963 of 3,000 counselors needed by the State and other rehabilitation agencies.

The FY 1968 request also would provide an additional 150 long-term traineeships in the field of occupational therapy and 130 in physical therapy, two key disciplines required for rehabilitating the disabled. While we must continue to provide increasing support in these basic training categories we must also be alert to other areas where support is needed to open new avenues of rehabilitation. One such area to receive increased support in 1968 is the field of prosthetics and orthotics. The 1968 increase will permit us to fund about 7 long-term teaching grants and 23 long-term traineeships in prosthetics and orthotics. Recent research in this area has produced revolutionary techniques of fabricating and fitting artificial limbs, braces, and other devices. Our plans for 1968 are designed to incorporate these research findings into meaningful training programs which will ultimately provide broader and improved services to amputees and others with similar disabilities.

SPECIAL CENTER PROGRAM

The 1968 request for the Rehabilitation Research and Training Center program is \$10,950,000, an increase of \$2,375,000 over 1967.

The 1968 program provides for continuation of the 18 Centers approved for this year which includes eleven medical centers, three vocationally oriented centers, three for the mentally retarded, and one for the deaf.

These centers bring together medical and other research and training activities in a setting which is most conducive to experimentation. During 1967 long and short-term training was provided to over 5,000 professional personnel from all

fields of rehabilitation and allied specialties. Many research projects were in progress at these centers in 1967 which are paying, and will continue to pay great dividends in almost every field of rehabilitation. One such illustration is the study of the counseling process in the Arkansas Center which will result in markedly improved counseling techniques. In addition to the valuable research knowledge gained at these centers and the increase in the training of professional workers, over 7,800 individuals received services in the **research or training** aspects of the program in 1967. These centers are providing a **triple return** on our investment and we look forward to even greater achievements in the future.

CITIZENS ADVISORY COMMITTEE ON VOCATIONAL REHABILITATION

A total of \$50,000 is requested for 1968 to complete the Committee's study.

The investigative and evaluation mission of the Committee will be completed during 1967. The funds requested for 1968 are for the final work of the Committee including preparation, printing and distribution of the final report which will be completed by December 31, 1967. We are looking forward to the publication of the Committee's report and have high expectations that the findings and recommendations of this distinguished group of citizens will open a whole new era of opportunity and progress in the field of vocational rehabilitation. Since the proposal to establish this Committee originated with the House Appropriations Committee, I want to express my appreciation to you at this time.

SPECIAL FOREIGN CURRENCY PROGRAM

The \$5 million requested for this program in 1968 represents an increase of \$2 million compared to 1967. This appropriation is used to purchase foreign currencies already owned by the United States Government abroad and which are in excess to known needs. The 1968 request will provide funds for a total of 130 projects in eight foreign countries, an increase of 30 projects over the 1967 program level. Ten projects currently underway will terminate in 1967. We are receiving real benefit here in the U.S. from these projects. One example may suffice. Projects in Israel and in Egypt are showing the value of activity and exercise programs for individuals with heart disease. This practice is now finding its way increasingly into U.S. medical care.

Next year we plan to bring about 45 foreign rehabilitation experts to this country under the interchange of experts program. We expect to send about 65 Americans overseas to observe and study research and techniques in other countries. This reciprocal program is producing an international exchange of rehabilitation information which is serving the handicapped of all nations. This also assumes the much earlier application of research results, easing the communication barrier.

CORRECTIONAL REHABILITATION STUDY

The \$800,000 requested for 1968 is the full authorization for this program and will provide for the third and final year of the study authorized by the Correctional Rehabilitation Study Act of 1965. This is a three-year program of research and study of the personnel practices and current and projected personnel needs in the field of correctional rehabilitation. The aim of the program is to develop a plan to substantially increase the number of qualified personnel to staff workable and effective crime and delinquency programs. Implicit in this is the recognition that vocational rehabilitation is a force which can help direct the lives of public offenders into useful channels. The outcome of this study should provide new avenues for providing rehabilitation services to disabled offenders.

INTERNATIONAL RESEARCH (DOMESTIC SUPPORT)

The 1968 request also includes \$100,000, the same as this year, for the support of the International Research program. This \$100,000 is all spent in the U.S. and is used for purchasing equipment for the overseas research projects which otherwise would not be available for the projects and for the expenses in the U.S. of the foreign experts who come here to study and consult with the U.S. rehabilitation research scientists.

SALARIES AND EXPENSES

A total of \$5,957,000 is requested for 1968, an increase of \$789,000 over 1967. This increase will provide for 48 additional positions which are required to meet increased workloads related to programs authorized by the 1965 Amendments.

The 1968 request also includes \$336,000 to be transferred from OASI Trust funds for the program of rehabilitating social security beneficiaries.

Of the 48 new positions, 16 are for program support to meet additional responsibilities related to the innovation grant program, construction of workshops and facilities, workshop improvement activities, and training services. Eleven positions will be used to strengthen and expand our research and training programs; 9 positions will provide additional support for the regional offices; 9 positions will be used to operate the new date information center and provide fiscal support to the new program staff; and 3 positions will provide needed support for overall direction and coordination of VRA programs. All of the new positions are directly related to new or expanded responsibilities resulting from the 1965 Amendments to the VR Act. As I mentioned earlier the effects of these programs is just beginning to be felt. The new positions will enable us to realize their full potential in rehabilitating even larger numbers of disabled persons.

One last item—One of the amendments to the VR Act charged the VRA to make a study of Architectural Barriers faced by the disabled in their daily living and employment. An Architectural Barriers Commission of outstanding citizens has been assembled to study the problems and report to the Secretary and the Congress. This promises to be a most rewarding activity.

We are setting in motion changes in practices both by the Federal agencies and by other public and private agencies in considering the interest of the handicapped in their construction problems that will have very rewarding and long-range benefits.

I will be happy to answer any questions the Committee may have.

DEATH OF MR. FEREBEE

Senator HILL. I am sorry to learn that your former assistant, Mr. Ferebee, died some months ago. He was a fine man.

Miss SWITZER. He was a young man. You know, he really made a fine recovery from his heart attacks and, as so often happens in those cases, his death was unexpected. He was very well. He had made such a wonderful contribution to the development of the mental health program, especially on the community mental health center program.

Senator HILL. Yes.

Miss SWITZER. We felt very grateful to have him there seeing that rehabilitation services were included as the centers developed. He was a great loss.

Senator HILL. He was a great loss.

Miss SWITZER. Yes.

Senator HILL. He was a wonderful man and a dedicated public servant. Great loss.

Miss SWITZER. We have our new Deputy, Mr. Paul Pyle.

Mr. PYLE. Good morning.

Senator HILL. Glad to have you here, sir.

REHABILITATION GOAL

Miss SWITZER. We feel that this budget request, Mr. Chairman, is a very positive and forward-looking one. It really is the first full budget that reflects a year of activity under our new legislation which was passed in 1965.

We will have to be thinking about what to do at the end of that year shortly. This budget most significantly will, we hope, bring back to the useful and productive life well over 200,000 disabled persons. When we reach that goal, we will have reached a landmark.

Senator HILL. 200,000?

Miss SWITZER. Yes.

Senator HILL. Quite a goal.

Miss SWITZER. When we get to that goal, we have to take a big

look at the next step. This is 15 percent over what we are contemplating for this year.

RESURGENCE OF INTEREST

I think that there has been a tremendous dynamic resurgence of interest in the rehabilitation program. We have always had a constant growth of interest, but I think we have had another big resurgence of interest as a result of the legislation, particularly in the nonprofit organizations, community agencies and others, that have seen an opportunity for collaborative effort.

It used to be, you know, I could carry all the appropriations in my head, and hardly needed an opening statement, but now this request includes five appropriations. We are getting to be almost as complicated as some of our colleagues.

GRANTS TO STATES

APPROPRIATION ESTIMATE

VOCATIONAL REHABILITATION ADMINISTRATION

GRANTS FOR REHABILITATION SERVICES AND FACILITIES

For grants for rehabilitation services and facilities in accordance with the Vocational Rehabilitation Act, as amended, ~~[\$244,060,000]~~ *\$311,550,000*, of which ~~[\$221,000,000]~~ *\$287,000,000* is for grants for vocational rehabilitation services under section 2; ~~[\$3,000,000]~~ *\$3,200,000* is for grants for innovation projects under section 3; ~~[\$9,560,000, of which \$6,310,000]~~ *\$7,500,000* (to remain available through June 30, 1971) shall be for planning, preparing for, and initiating special programs to expand vocational rehabilitation services under section 4(a)(2)(A), and of which \$3,250,000 (to remain available through June 30, 1968) shall be for State planning for the development of comprehensive vocational rehabilitation programs under section 4(a)(2)(B); *\$4,500,000*, which shall remain available for the period specified in section 12(i), ~~\$3,850,000~~ *(to remain available through June 30, 1970)* is for grants with respect to workshops and rehabilitation facilities under section 12; and ~~[\$6,000,000]~~ *\$10,000,000* is for grants for workshop improvement activities under section 13: *Provided*, That the Secretary shall, within the limits of the allotments and additional allotments for grants under section 2 of such Act, allocate (or from time to time reallocate) among the States, in accordance with regulations, amounts not exceeding in the aggregate \$5,000,000, which may be used only for paying the Federal share of expenditures for the establishment of workshops or rehabilitation facilities where the State funds used for such expenditures are derived from private contributions conditioned on use for a specified workshop or facility, and no part of the allotment or additional allotment to any State for grants under section 2 of said Act other than the allocation or reallocation to such State under this proviso may be so used: *Provided further*, That the allotment to any State under section 3(a)(1) of such Act shall be not less than \$25,000.

Grants to States, next succeeding fiscal year: For making, after May 31, of the current fiscal year, grants to States under sections 2 and 3 of the Vocational Rehabilitation Act, as amended, for the first quarter of the next succeeding fiscal year such sums as may be necessary, the obligations incurred and the expenditures made thereunder to be charged to the appropriation therefor for that fiscal year: *Provided*, That the payments made pursuant to this paragraph shall not exceed the amount paid to the States for the first quarter of the current fiscal year. (29 U.S.C. 31-42; 68 Stat. 652.)

EXPLANATION OF LANGUAGE CHANGE

This language change is necessary in order to specify the period of availability of funds under Section 12 of the Vocational Rehabilitation Act as amended.

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 621

Amounts available for obligation

	1967	1968
Appropriation.....	\$244,060,000	\$311,550,000
Proposed for separate transmittal: Program supplemental.....	15,000,000	
Unobligated balance lapsing.....	-500,000	
Total estimated obligation.....	258,560,000	311,550,000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Vocational rehabilitation services.....	\$236,000,000	\$287,000,000	+\$51,000,000
Innovation of rehabilitation services.....	2,500,000	3,200,000	+700,000
Expansion of vocational rehabilitation services.....	9,560,000	7,500,000	-2,060,000
Construction of facilities and workshops.....	4,500,000	3,850,000	-650,000
Workshop improvement activities.....	6,000,000	10,000,000	+4,000,000
Total obligations.....	258,560,000	311,550,000	+52,990,000
Unobligated balance, reserve.....	500,000		-500,000
Total obligations and balance.....	259,060,000	311,550,000	+52,490,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
41 Grants, subsidies, and contributions (total obligations)...	\$258,560,000	\$311,550,000	+\$52,990,000

Summary of changes

1967 enacted appropriation.....	\$244,060,000
Proposed supplementals: program supplemental.....	15,000,000
Unobligated balance lapsing.....	-500,000
1967 total estimated obligations.....	258,560,000
1968 estimated obligations.....	311,550,000
Total change.....	+52,990,000

	Base	Changes from base
Increases, program:		
1. Vocational rehabilitation services.....	\$236,000,000	\$51,000,000
2. Innovation in rehabilitation services.....	2,500,000	700,000
3. Expansion grants.....	6,310,000	1,190,000
4. Construction and staffing grants.....	2,900,000	700,000
5. Workshop improvement activities.....	6,000,000	4,000,000
Total program increases.....		57,590,000
Decreases:		
1. Expansion of vocational rehabilitation services, statewide planning grants.....		-3,250,000
2. Construction of facilities and workshops, planning grants.....		-1,350,000
Total decreases.....		-4,600,000
Total net changes requested.....		+52,990,000

EXPLANATION OF CHANGES

Vocational rehabilitation services

The 1968 request for the Federal-State basic support program under Section 2 amounts to \$287,000,000, an increase of \$51,000,000 above FY 1967, and provides for an allotment base of \$400,000,000, the amount authorized in the Vocational Rehabilitation Amendments of 1965. The estimate also continues the limitation of \$5,000,000 for matching donated funds earmarked for specific workshops or facilities.

It is estimated that 218,500 disabled individuals will be rehabilitated in FY 1968 as a result of the rehabilitation services provided under this program. This is an increase of 28,500 over the 190,000 estimated to be rehabilitated in FY 1967.

Innovation of rehabilitation services

The FY 1968 request of \$3,200,000 is an increase of \$700,000 above the amount available in FY 1967. This request will permit the funding of about 130 innovation projects, of which about 50 will be new. This estimate will enable the States to develop more comprehensive programs and to serve more of the catastrophic disability groups.

Expansion of vocational rehabilitation services

An increase of \$1,190,000 is requested for the expansion grant program in 1968. This will provide a total program level of \$7,500,000. Of this amount \$6,150,000 will be used for continuation costs for approximately 120 grants and \$1,350,000 will finance about 30 new grants.

Construction of facilities and workshops

An increase of \$700,000 is requested in 1968 for construction and initial staffing of facilities and workshops. The total program of \$3,600,000 will provide for initial staffing of the 17 workshops constructed in 1967 and for construction of approximately 18 additional workshops.

Workshop improvement activities

An increase of \$4,000,000 is requested for 1968. This will provide a total program level of \$10,000,000 of which \$4,000,000 is for workshop improvement grants and \$6,000,000 is for training service grants. The total estimate for this program will provide improvement grants to about 160 workshops, the same number as the 1967 level. The \$4,000,000 increase requested for the training services grant program will provide a total program level of \$6,000,000 of which \$2,000,000 is to continue the current level of about 20 projects and \$4,000,000 to provide about 40 new training projects in workshops and facilities. Most of these grants will be made to multi-disability workshops and some to single disability workshops serving the blind and mentally retarded.

AUTHORIZING LEGISLATION

For the purpose of making grants to States under section 2 of the Vocational Rehabilitation Act, as amended, to assist them in meeting the costs of vocational rehabilitation services, there is authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of \$300,000,000, for the fiscal year ending June 30, 1967, the sum of \$350,000,000, and for the fiscal year ending June 30, 1968, the sum of \$400,000,000.

For the purpose of making grants under section 3, relating to grants to States to assist them in meeting the costs of projects for innovation of vocational rehabilitation services, there is authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of \$5,000,000, for the fiscal year ending June 30, 1967, the sum of \$7,000,000, and for the year ending June 30, 1968, the sum of \$9,000,000.

For the purpose of making grants (A) under section 4(a)(1) for research, demonstrations, training, and traineeships; (B) under clause (2)(A) of section 4(a) for planning, preparing for, and initiating special programs to expand State vocational rehabilitation services; and (C) under clause (2)(B) of section 4(a) to meet the cost of planning for the development of a comprehensive vocational rehabilitation program in each State, there is authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of \$80,000,000, for the fiscal year ending June 30, 1967, the sum of \$104,000,000, and for the fiscal year ending June 30, 1968, the sum of \$117,000,000.

For the purpose of making grants (i) under section 12 to assist in meeting the costs of construction of public or other non-profit workshops and rehabilitation facilities, there is authorized to be appropriated \$1,500,000 for the fiscal year ending June 30, 1966, \$7,000,000 for the fiscal year ending June 30, 1967, \$9,000,000 for the fiscal year ending June 30, 1968; and for each of the two succeeding fiscal years only such sums may be appropriated for carrying out this section as the Congress may hereafter authorize by law. Sums so appropriated shall remain available for payment with respect to construction projects approved or initial staffing grants made under this section prior to July 1, 1970.

For the purpose of making grants under subsection (a) and subsection (b) of section 13 to States and public and other non-profit organizations and agencies,

there is authorized to be appropriated \$1,500,000 for the fiscal year ending June 30, 1966, \$9,000,000 for the fiscal year ending June 30, 1967, \$14,000,000 for the fiscal year ending June 30, 1968, and for each of the three succeeding fiscal years only such sums may be appropriated for making grants under subsection (a) and subsection (b) of this section as the Congress may hereafter authorize by law.

Federal allotments and State funds required to match full allotments for the basic support program under sec. 2 of the Vocational Rehabilitation Act

State or territory	1966 actual		1967 estimate		1968 estimate	
	Federal allotment	State funds required	Federal allotment	State funds required	Federal allotment	State funds required
Total	\$300,000,000	\$135,819,720	\$350,000,000	\$118,113,430	\$400,000,000	\$133,709,982
Alabama.....	8,985,867	3,408,432	10,486,820	3,495,606	11,614,438	3,871,479
Alaska.....	257,293	148,148	300,184	126,474	356,955	126,474
Arizona.....	2,858,722	1,264,038	3,337,359	1,112,446	3,889,497	1,296,499
Arkansas.....	5,229,614	1,953,646	6,101,379	2,033,793	6,653,142	2,217,714
California.....	16,421,990	9,686,102	19,165,680	6,388,559	22,891,217	7,630,405
Colorado.....	2,720,588	1,357,032	3,174,104	1,058,035	3,827,849	1,275,950
Connecticut.....	2,011,603	1,206,962	2,347,762	782,587	3,078,520	1,026,173
Delaware.....	325,858	248,419	380,177	248,419	592,356	248,419
District of Columbia.....	538,688	538,688	603,014	538,688	690,542	538,688
Florida.....	10,819,183	4,689,967	12,622,718	4,207,572	14,313,513	4,771,171
Georgia.....	10,015,806	3,799,098	11,688,101	3,896,033	12,831,875	4,277,291
Guam.....	231,955	87,983	293,491	97,830	316,160	115,387
Hawaii.....	995,197	491,947	1,161,065	387,032	1,201,292	400,431
Idaho.....	1,451,699	582,633	1,693,693	564,564	1,780,411	593,407
Illinois.....	9,792,253	5,556,106	11,426,746	3,808,915	13,575,961	4,525,320
Indiana.....	7,109,976	3,358,187	8,296,893	2,765,631	9,124,956	3,041,652
Iowa.....	4,602,193	2,058,964	5,369,369	1,789,790	5,851,222	1,950,407
Kansas.....	3,691,373	1,607,763	4,306,718	1,435,373	4,616,050	1,538,683
Kentucky.....	7,501,703	2,845,473	8,752,221	2,917,407	9,693,044	3,231,214
Louisiana.....	8,423,575	3,195,149	9,827,767	3,275,922	10,758,120	3,599,373
Maine.....	1,996,059	818,463	2,328,798	776,266	2,642,808	880,936
Maryland.....	3,932,302	2,042,025	4,590,416	1,530,139	5,711,428	1,903,809
Massachusetts.....	5,428,232	2,945,953	6,328,456	2,109,485	8,053,246	2,677,748
Michigan.....	11,531,494	5,700,267	13,457,045	4,485,681	13,746,506	4,582,168
Minnesota.....	5,721,807	2,591,148	6,677,498	2,225,823	7,418,966	2,472,988
Mississippi.....	7,062,298	2,678,802	8,243,119	2,747,706	8,993,132	2,997,710
Missouri.....	6,323,248	3,032,053	7,378,961	2,459,654	9,352,545	3,117,515
Montana.....	1,246,525	546,065	1,454,318	484,773	1,650,272	550,091
Nebraska.....	2,341,028	1,074,038	2,731,272	910,424	3,162,940	1,054,313
Nevada.....	288,004	172,802	336,014	169,881	480,551	169,881
New Hampshire.....	1,075,899	487,453	1,255,249	418,416	1,467,845	489,282
New Jersey.....	6,287,016	3,610,679	7,336,130	2,445,377	8,670,421	2,890,140
New Mexico.....	2,170,619	850,574	2,532,457	844,152	2,761,811	920,604
New York.....	15,241,208	6,827,698	17,783,853	6,827,698	22,120,692	7,373,563
North Carolina.....	11,487,448	4,257,307	13,402,382	4,467,460	15,246,445	5,082,148
North Dakota.....	1,318,179	499,999	1,537,916	512,639	1,781,034	593,678
Ohio.....	14,328,179	7,192,065	16,719,919	5,373,306	18,610,948	6,270,315
Oklahoma.....	5,065,816	2,089,486	5,947,673	1,982,558	6,561,095	2,187,031
Oregon.....	2,674,603	1,297,776	3,122,096	1,040,699	3,707,052	1,235,684
Pennsylvania.....	16,626,523	8,085,907	19,401,496	6,467,165	22,291,321	7,430,440
Puerto Rico.....	8,611,731	3,266,518	10,035,854	3,345,284	11,544,451	3,848,150
Rhode Island.....	1,343,842	641,740	1,518,437	506,146	1,637,845	545,943
South Carolina.....	6,707,253	2,578,268	7,933,460	2,644,486	8,951,709	2,983,908
South Dakota.....	1,447,010	570,572	1,688,224	562,741	1,980,986	660,329
Tennessee.....	9,155,936	3,472,941	10,684,959	3,561,663	12,079,348	4,026,449
Texas.....	20,075,208	8,628,264	23,473,923	7,807,974	27,112,699	9,037,365
Utah.....	1,587,082	782,456	2,143,320	714,440	2,436,365	812,102
Vermont.....	744,578	368,553	865,559	289,546	1,066,105	355,368
Virginia.....	5,777,947	3,923,787	10,238,915	3,412,971	11,042,361	3,680,787
Virgin Islands.....	140,479	53,285	163,897	54,632	199,042	66,347
Washington.....	4,075,743	2,043,991	4,755,161	1,585,054	5,070,681	1,690,227
West Virginia.....	4,025,429	1,529,185	4,693,459	1,565,486	5,539,426	1,546,475
Wisconsin.....	6,332,324	2,679,917	7,389,692	2,463,231	8,306,155	2,768,718
Wyoming.....	478,845	235,006	558,691	189,585	694,709	231,570

Federal grants and State funds available for basic support program under sec. 2 of the Vocational Rehabilitation Act

State or territory	1966 actual			1967 estimate			1968 estimate		
	Federal grants	Percent of allotment	Matching State funds available	Federal grants	Percent of allotment	Matching State funds available	Federal grants	Percent of allotment	Matching State funds available
Total.....	\$153,566,026	51	\$72,325,836	\$236,000,000	67	\$80,700,000	\$287,000,000	72	\$96,200,000
Alabama.....	5,472,415	61	2,075,743	8,708,529	84	2,922,843	8,621,529	74	2,873,843
Alaska.....	257,293	100	148,148	300,184	100	126,474	356,955	100	126,474
Arizona.....	2,074,055	73	917,083	3,096,387	92	1,022,129	3,456,486	89	1,152,162
Arkansas.....	4,906,114	94	1,800,940	6,101,379	100	2,033,793	6,549,499	98	2,183,333
California.....	9,780,232	60	5,768,026	19,105,680	100	6,388,559	21,903,633	96	7,301,211
Colorado.....	2,295,182	84	1,144,839	3,174,104	100	1,058,035	3,627,546	95	1,209,182
Connecticut.....	1,527,890	76	916,734	2,347,762	100	782,587	2,844,333	92	948,111
Delaware.....	325,858	100	248,419	380,177	100	248,419	592,356	100	248,419
District of Columbia.....	538,688	100	538,688	603,014	100	538,688	690,542	100	538,688
Florida.....	5,943,623	55	2,575,479	9,000,129	72	3,030,043	12,237,585	85	4,079,195
Georgia.....	9,142,077	91	3,467,684	11,638,101	100	3,896,033	12,831,875	100	4,277,291
Guam.....	125,326	54	47,637	96,093	33	32,031	125,970	36	41,990
Hawaii.....	880,747	88	435,372	1,161,095	100	387,032	1,201,292	100	400,431
Idaho.....	415,320	29	166,687	550,827	33	183,690	659,001	37	219,667
Illinois.....	5,772,710	59	3,275,625	9,240,000	81	3,080,000	13,059,000	96	4,353,000
Indiana.....	1,326,789	19	626,625	2,289,801	28	763,267	2,527,635	28	842,545
Iowa.....	2,045,023	44	914,018	3,401,973	63	1,133,991	5,521,134	94	1,840,378
Kansas.....	1,109,577	30	501,307	1,473,489	34	491,163	1,802,022	39	600,974
Kentucky.....	2,162,734	29	820,347	3,248,991	37	1,082,997	3,930,504	41	1,310,168
Louisiana.....	4,379,395	52	1,661,225	4,908,477	50	1,636,159	5,642,073	52	1,880,691
Maine.....	366,813	28	232,006	1,042,923	45	347,641	1,058,369	40	352,788
Maryland.....	2,419,852	62	1,256,669	4,462,006	97	1,484,002	5,246,190	92	1,748,730
Massachusetts.....	2,735,700	33	1,486,039	5,665,500	90	1,888,500	6,986,016	87	2,828,672
Michigan.....	3,803,446	50	1,880,126	10,202,865	76	3,400,955	8,928,366	65	2,976,122

Minnesota.....	2, 142, 552	37	970, 265	4, 011, 702	60	1, 337, 234	6, 948, 969	94	2, 316, 323
Mississippi.....	2, 316, 501	33	878, 673	3, 480, 963	42	1, 163, 321	3, 152, 262	35	1, 050, 754
Missouri.....	2, 756, 248	44	1, 321, 645	5, 390, 142	72	1, 769, 714	6, 186, 538	66	2, 082, 846
Montana.....	555, 405	45	243, 279	756, 573	52	252, 191	886, 240	51	282, 080
Nebraska.....	760, 647	32	348, 977	1, 462, 620	54	487, 540	1, 411, 572	45	470, 524
Nevada.....	288, 004	100	172, 802	336, 014	100	169, 881	480, 551	100	169, 881
New Hampshire.....	247, 205	23	112, 000	358, 512	29	119, 504	599, 925	41	199, 975
New Jersey.....	3, 196, 911	51	1, 836, 009	6, 047, 172	82	2, 015, 724	7, 217, 844	83	2, 405, 948
New Mexico.....	552, 386	25	224, 091	847, 578	33	282, 526	897, 489	32	290, 163
New York.....	10, 017, 540	66	6, 827, 698	17, 783, 853	100	6, 827, 698	20, 483, 094	93	6, 827, 698
North Carolina.....	5, 818, 866	51	2, 207, 156	7, 894, 053	59	2, 631, 351	9, 409, 995	62	3, 156, 665
North Dakota.....	707, 448	54	268, 342	7, 702, 255	46	234, 085	1, 183, 281	66	394, 427
Ohio.....	3, 860, 397	27	1, 937, 736	5, 563, 185	33	1, 854, 395	6, 627, 318	35	2, 209, 106
Oklahoma.....	2, 676, 900	53	1, 097, 672	3, 883, 677	65	1, 294, 559	4, 910, 469	75	1, 630, 823
Oregon.....	1, 663, 240	62	807, 041	2, 649, 936	85	883, 312	3, 462, 855	93	1, 154, 285
Pennsylvania.....	13, 530, 680	81	6, 580, 323	19, 401, 496	100	6, 467, 105	22, 291, 321	100	7, 430, 440
Puerto Rico.....	2, 488, 021	29	943, 732	3, 326, 400	33	1, 108, 800	4, 011, 822	35	1, 337, 274
Rhode Island.....	1, 020, 040	76	487, 111	1, 518, 437	100	506, 146	1, 637, 845	100	545, 948
South Carolina.....	3, 380, 373	50	1, 282, 210	5, 410, 665	68	1, 803, 555	7, 491, 465	84	2, 497, 155
South Dakota.....	758, 405	54	310, 877	925, 218	55	308, 406	944, 901	48	314, 997
Tennessee.....	4, 030, 489	44	1, 528, 806	4, 833, 222	45	1, 611, 074	5, 524, 350	46	1, 841, 450
Texas.....	5, 424, 995	27	2, 331, 621	8, 647, 263	37	2, 882, 421	12, 762, 429	47	4, 254, 143
Utah.....	647, 327	35	275, 712	1, 265, 109	59	421, 703	1, 475, 853	61	491, 951
Vermont.....	432, 137	66	203, 955	868, 639	100	280, 546	992, 640	93	330, 880
Virginia.....	3, 706, 669	43	1, 547, 373	6, 769, 161	66	2, 256, 387	7, 764, 225	70	2, 588, 975
Virgin Islands.....	82, 903	59	37, 446	155, 361	95	51, 787	171, 399	86	57, 133
Washington.....	2, 043, 909	50	1, 025, 022	3, 816, 411	80	1, 272, 137	4, 225, 584	83	1, 408, 528
West Virginia.....	4, 025, 425	100	1, 523, 183	4, 696, 459	100	1, 565, 486	5, 539, 426	100	1, 846, 475
Wisconsin.....	3, 842, 041	61	1, 808, 019	6, 704, 511	91	2, 234, 837	7, 781, 877	94	2, 593, 969
Wyoming.....	406, 180	85	199, 336	558, 691	100	189, 588	638, 505	92	212, 835
Adjustment.....				-6, 412, 764		-1, 551, 023	-543, 540		-24, 506

Federal grants (1966) and Federal allotments for innovation of vocational rehabilitation services under section 3 of the Vocational Rehabilitation Act

State or territory	1966 actual	1967 estimate ¹	1968 estimate ¹
Total.....	\$1,998,168	\$3,000,000	\$3,200,000
Alabama.....	50,773	47,410	51,431
Alaska.....		25,000	25,000
Arizona.....	23,561	25,000	25,000
Arkansas.....	28,807	26,834	28,589
California.....	269,500	254,754	276,649
Colorado.....		26,957	28,911
Connecticut.....	41,221	38,785	42,042
Delaware.....	12,038	25,000	25,000
District of Columbia.....	15,000	25,000	25,000
Florida.....	41,068	79,474	86,879
Georgia.....	63,992	59,664	65,206
Guam.....		25,000	25,000
Hawaii.....		25,000	25,000
Idaho.....		25,000	25,000
Illinois.....	148,411	145,751	156,795
Indiana.....	9,123	66,892	71,919
Iowa.....		37,786	40,170
Kansas.....		30,586	32,903
Kentucky.....	47,078	43,523	46,547
Louisiana.....	34,650	48,383	52,688
Maine.....	6,417	25,000	25,000
Maryland.....	19,251	48,204	52,836
Massachusetts.....	28,286	73,231	78,719
Michigan.....	13,189	112,536	122,458
Minnesota.....	28,244	48,670	52,294
Mississippi.....	13,545	31,790	34,029
Missouri.....	55,101	61,580	65,924
Montana.....	15,000	25,000	25,000
Nebraska.....	22,056	25,000	25,000
Nevada.....	15,000	25,000	25,000
New Hampshire.....	9,563	25,000	25,000
New Jersey.....	77,054	92,754	100,873
New Mexico.....	7,582	25,000	25,000
New York.....	242,815	247,458	266,998
North Carolina.....		67,276	73,118
North Dakota.....	7,125	25,000	25,000
Ohio.....	133,520	140,287	150,697
Oklahoma.....	36,735	33,994	35,944
Oregon.....		26,012	28,589
Pennsylvania.....	94,623	157,743	169,371
Puerto Rico.....	27,750	36,047	39,016
Rhode Island.....	15,000	25,000	25,000
South Carolina.....	35,095	34,814	37,816
South Dakota.....	15,000	25,000	25,000
Tennessee.....	45,280	52,654	56,784
Texas.....	123,951	144,463	157,233
Utah.....		25,000	25,000
Vermont.....		25,000	25,000
Virginia.....		61,005	65,909
Virgin Islands.....	1,500	25,000	25,000
Washington.....	37,149	40,935	43,579
West Virginia.....	26,780	25,000	26,235
Wisconsin.....	49,985	56,748	60,849
Wyoming.....	10,350	25,000	25,000

¹ The 1965 amendments to the Vocational Rehabilitation Act specify that Federal funds within the States' allotments can be available for 90 percent of the cost of approved projects for the 1st 3 years of a project and for 75 percent of the cost for the remaining 2 years of a project. Projects approved prior to the passage of the 1965 amendments may be continued for the period approved and at the rate of Federal participation in the cost in effect at the time of approval (75 percent).

Miss SWITZER. The largest appropriation and, in many ways, the most important, is grants to States for rehabilitation facilities and services. This is a total request of \$311,550,000 for 1968, which is an increase of \$52.5 million over the current year; \$287 million for section 2, the basic support grants; \$3.2 million for section 3, the innovation

grants; \$7.5 million for grants to State agencies and other public and nonprofit agencies for expansion. This is to increase the number of rehabilitations over and above what could be done otherwise; \$3,850,000 for grants for the construction of facilities and workshops; and \$10 million under section 13 for workshop improvement.

BASIC SUPPORT GRANTS

Coming first to the grants to States under section 2, which is the base of the program. This estimate is an increase of \$51 million over the current year, and the base assumes a supplemental of \$15 million in addition to the \$221 million already appropriated for this year. I understand the hearings on the supplemental will be held shortly.

The 1965 amendments stipulated the total authorization for each of 3 years, and provided \$350 million in 1967 and \$400 million in 1968. This is the basis on which the present estimate is put together. The increase of \$51 million is requested to match State funds, and, I think, one of the most dramatic facts about this estimate is the increase in State funds.

INCREASES IN STATE FUNDS

Certain States have gone up phenomenally. For example, compared with fiscal year 1965, Alabama has increased its State funds 56 percent; Florida, by 120 percent; Iowa, 162 percent; West Virginia, 66 percent; New Hampshire, 110 percent; and Louisiana, 107 percent. This reflects what I said at the beginning, that there is a tremendous increase in activity and understanding of our programs.

Senator HILL. In other words, you think the States are meeting the challenge?

Miss SWITZER. Yes, meeting the challenge. The interesting fact is that they are all meeting it. It might have been thought, for instance, that States that were at a low matching ratio would not be putting up in proportion as high an increase but they are all getting just as much as they possibly can from their legislatures and from other program areas because one of the significant developments has been a great cooperative effort with a number of other program areas.

ECONOMICALLY SOUND PROGRAMS

We have always stressed, of course, not only the humanitarian results of our program but also the economics of it and it is well to remember that this is an economically sound program, it is an economically growing program.

The Federal income tax return is about \$4 of Federal taxes for \$1 spent on rehabilitation. We have had another interesting type of analysis which calculates the economic benefits and I think you would be very interested in this figure. Based on the cost of rehabilitating all of the disabled in 1966 and analyzing the kind of jobs they obtained and their earnings, we have estimated that the earnings of these people will be about 35 times the cost of their rehabilitation. This is one of the highest cost-benefit ratios that has been developed for any social program.

As you know, the President is very interested in this whole aspect of cost benefit and relationship of what programs put back into the

economy to what they cost, so that I think that this is an important fact to record.

ECONOMIC AND SOCIAL RETURNS

Another important factor relating to the economic and social returns from the program is the taking people off public welfare, and about 20 percent of our cases rehabilitated will be taken off welfare and other public support. There will probably be almost 40,000 of these in 1968.

Another group that has constantly increased in number are the mentally retarded. We are continuing to put major emphasis on the younger disabled and intensifying our cooperative program with State education agencies. Last year, about one-fifth of all of the rehabilitants were under 20, and probably next year it will be nearer to 1 in 4. We feel quite strongly that the cooperative effort between rehabilitation programs and local school systems is an indispensable part of the development of the future. The increased resources available to State departments of public instruction and to local systems through the many programs of the Office of Education should increase the available services to handicapped children in school, and make it much easier to plan for them as they come out of school and go into the world of work, and we have an increasing number of such joint programs.

SENATOR HILL. I don't know whether you have heard the testimony this morning or not about the education of the handicapped.

MISS SWITZER. Yes, and the new Bureau should make a real dent on this problem.

SENATOR HILL. They are working right in close cooperation with you.

MISS SWITZER. Yes; we are working very closely with them and also have helped develop some of their research projects directed to study the difficult cases.

LIMITATION ON ESTABLISHMENT OF REHABILITATION FACILITIES IN NONPROFIT ORGANIZATIONS

You will recall that section 2 has a \$5 million limitation for the establishment of rehabilitation facilities in nonprofit organizations, so that the funds contributed could be matched and at the same time be used to develop the facilities under those auspices. This has been a very popular program and I think has contributed very materially to making facilities available where they are most needed; and, what is most important, encouraging the cooperative effort between the public and nonpublic programs.

Another group that has constantly increased in number are the mentally retarded. We are continuing to put major emphasis on the younger disabled and intensifying our cooperative program with State education agencies. Last year, about one-fifth of all of the rehabilitants were under 20, and probably next year it will be nearer to 1 in 4. We feel quite strongly that the cooperative effort between rehabilitation programs and local school systems is an indispensable part of the development of the future. The increased resources available to State departments of public instruction and to local school systems through the many programs of the Office of Education should increase the available services to handicapped children in school, and make it much easier to plan for them as they come out of school and go into the

world of work, and we have an increasing number of such joint programs.

REHABILITATING DISABLED PEOPLE UNDER SOCIAL SECURITY

The 1968 budget continues the program of rehabilitating the disabled people under social security. You will recall that the amendments to the Social Security Act, the last group of amendments authorized payment from the trust fund to rehabilitate people who were beneficiaries; and limited the reimbursement for this to 1 percent of the previous year's payments, which in 1968 amounts to a little over \$15 million. We estimate that this will result in the rehabilitation of 8,000 beneficiaries. Naturally, one of the tests of the efficacy of this program and its efficiency will be the extent to which these rehabilitated beneficiaries will no longer be a drain on the trust fund.

So much for section 2.

INNOVATION GRANTS

Section 3, is our old extension and improvement section now called innovation grants. The request includes \$3,200,000 and will fund about 130 projects, of which 50 will be new.

Senator HILL. Fifty new projects?

Miss SWITZER. Fifty new projects.

This program is very valuable in that it commits States to try out new things. The matching rate is 90 percent for the first 3 years, so it is an incentive to pick up this money. Many States take advantage of it.

For example, Alabama has made very good use of this program: they have a family court project, in Birmingham; they have one in the records' court; in the parole board; and the Alabama Medical Center has a medical program for the catastrophic cases. In Kentucky they used innovation grants to expand their programs for the mentally ill.

In California, they have developed a program for catastrophic disabilities. These grants give an incentive for States to take a little risk and to try things which they have not tried before.

EXPANSION GRANT PROGRAM

Section 4(a) (2) is the expansion grant program. This program is a very popular one because this has as its objective one simple test: the provision of quality services to provide additional rehabilitations. We are requesting \$7,500,000 for this program in 1968 which is an increase of \$1,190,000 over 1967. These projects can be quite dramatic. Some of them concentrate on special disability groups. For example, Georgia is concentrating on alcoholics, particularly, as they described it, "drunks that are court cases."

Iowa also has a statewide program for alcoholics.

The Mobile Consolidated Center project, which is a demonstration project, also has a big investment of expansion grants in their mental health center.

The Gadsden TB program is financed under this section.

Senator HILL. Under this section?

Miss SWITZER. Under this section.

DENVER JUVENILE COURT PROJECT

The Denver juvenile court has a very fascinating project under the direction of Judge Rubin, setting up two houses for very young offenders.

These are the kinds of projects that reach groups that the regular public program finds difficulty in reaching. So, I think this will continue to be a very popular program and will add considerably to the number of people served and will make it possible to rehabilitate 200,000 persons all the faster.

EMPHASIS ON IMPROVING SERVICES FOR DEAF

Groups that we would like to put emphasis on next year would be the deaf, for whom we feel we still need to improve the overall services.

Senator HILL. We have not done too much there compared to what we have done in other fields.

Miss SWITZER. We have done interesting different things, but there still needs to be a continuous push to get people who can understand and communicate with the deaf. This is a very important development.

The epileptics are a group that need much more concentrated attention than we have given, and we are working on that, too, and in the field of speech and hearing.

Different communities and different States have people interested in different groups, and as the interest emerges and it is capitalized on. I think we have done pretty well in getting on with the interests of people where they live.

REHABILITATION TECHNIQUES FOR PRISON INMATES

One enormously appealing program all over the country is the translation of rehabilitation techniques to the public offender, to the people in prison and in reformatories, especially the young offender. You mentioned in the previous hearing, when the Office of Education was testifying, something about the youth in prison; I think the thing that shocks you today when you go into a prison, even a Federal penitentiary, is the youth, the young age of the inmates. In some States a high percentage of the inmates are mentally retarded.

Senator HILL. A high percentage are mentally retarded?

Miss SWITZER. Yes.

The Georgia program did an intensive study and I believe they found that 52 percent of the people in one of their institutions were mentally retarded, as in New York and Connecticut. So, it is a fairly general incidence.

We feel that our program of rehabilitation has certain characteristics; its personal counseling, its education toward a job. The general support that the rehabilitation program has had from the community is conducive to making a real contribution here.

In the State of South Carolina, the Governor has charged the rehabilitation agency with the full responsibility not only for the disabled or emotionally disturbed prison population but the whole works. This is a big responsibility, but it is a very challenging one.

We feel we must do what we can here and with all of the emphasis on the legislation to follow the President's Crime Commission report,

and our own study of correctional manpower keeps the problem before us.

Senator JAVITS. Mr. Chairman, may I ask a question?

Senator HILL. Senator Javits.

Senator JAVITS. Miss Switzer, would you be good enough to justify for us in basic terms of references the role of the agency for which you are testifying in projects for alcoholics to which you referred at page 6 of your statement and projects for the rehabilitation of public offenders, page 9 of your statement, which includes the fascinating provision of plastic surgery for facial disfigurement? Understand, I approve of both enormously. I think they ought to be done and I think you should give us the departmental expertise on their being implemented in your program.

MONTEFIORE PROJECT FOR PLASTIC SURGERY

Miss SWITZER. I will speak first, since I was talking about the prisons, to the project at Montefiore for plastic surgery.

It would be surprising—it was to me—to discover the number of people in prisons and reformatories, particularly young people, whose delinquency appears to be very directly related to some physical disability, relatively simple ones in many cases. In New York, the people felt that it was worth trying to see whether we could so identify a number of these people who happened to be facially disfigured—there are other kinds of disfigurement, too—and really give them an opportunity to have this corrected by first-class plastic surgeons and give them the vocational orientation and opportunity to learn and then see. It has been tremendously successful. I think that it is not only physically successful but also psychologically, for it works with a group of people who are afraid to go out in the daytime.

PROJECT AT NEW YORK UNIVERSITY SCHOOL OF MEDICINE

We have a research and training project at the New York University School of Medicine, the institute for the facially disfigured under Dr. Converse, who has pioneered in the reconstruction of facial disfigurement caused by cancer surgery, accident, burns, and so forth. The stories that come to you as a result of this are so heartbreaking and so shattering, and what you can do about them increasingly more positive that we feel that this has to be publicized and supported to the maximum extent possible.

This project at Montefiore is a specific one but in isolated cases, in a less organized way some State rehabilitation agencies are taking such cases on an individual basis as they come to their attention.

Georgia, for example, has for a number of years taken cases out of the Federal Penitentiary in Atlanta that need plastic surgery and provided it so that when they came out they would not have this disability. I am sure that other States have been doing it, too, but the Montefiore project is an organized program that can be put together, looked at and shown as an example of what can be accomplished through this method.

CORRECTIONAL REHABILITATION PROGRAMS OF THE STATE REHABILITATION AGENCIES

Under the Basic Support program and related programs authorized under the Vocational Rehabilitation Act, a number of State agencies are providing compre-

hensive rehabilitation services to institutionalized public offenders. Wherever feasible State vocational rehabilitation agencies are planning and preparing for the full-time assignment of counselors to correctional institutions as part of institutional rehabilitation units, which offer a full range of vocational rehabilitation services. These show great promise of contributing to a reduction in the recidivist rate. The Georgia Division of Vocational Rehabilitation, for example, has developed a unit of this type at the Georgia Industrial Institute. This program offers vocational rehabilitation services to the client both during and after his time in prison and encompasses such functions as screening, vocational appraisal, pre-vocational evaluation, and training, physical restoration, specific vocational training, counseling and guidance, job placement and follow-up. A new million dollar vocational-technical school is currently under construction at the institution to create vocational training opportunities in eleven major trade areas. In Wyoming, residents of the Wyoming Industrial Institute have been receiving psychological and vocational services from a Wyoming Division of Vocational Rehabilitation team assigned to the institution.

The California Department of Rehabilitation is operating rehabilitation units at three correctional facilities and is initiating a program at two others. The California facilities also provide vocational evaluation and work adjustment services within the institution and a continuation of the vocational rehabilitation services into the community.

In addition to the many State vocational rehabilitation counselors who have been assigned full-time to correctional institutions, others regularly visit institutions on an itinerant basis. The Texas Division of Vocational Rehabilitation, for example, is assigning counselors to each of the 14 State institutions. Counselors have been initially assigned to Department of Corrections pre-release units serving the Texas correctional system so that currently all State prisoners are being screened and served prior to prison release even though counselors are not yet found in all Texas correctional units.

In other States, institutions are served by a vocational rehabilitation counselor from the local office of the State vocational rehabilitation agency on a part-time or a regular itinerant basis. In Arizona, for example, both the Arizona State Industrial School for boys and the Good Shepherd School for girls are visited regularly in order to provide basic evaluation, counseling and vocational planning. The Buena Vista, Colorado, State Reformatory is served by a vocational rehabilitation counselor one full day a week. Other institutions in other States at comparable intervals and in California alone 19 counselor positions have been established to serve public offenders from district offices.

The South Carolina Division of Vocational Rehabilitation is developing a correctional rehabilitation program geared to the full cycle from reception to release. The agency will administer a Reception-Evaluation Center where all offenders sentenced to State prison will be received for complete prevocational evaluation prior to transfer to a correctional institution for training. At each correctional institution, a vocational rehabilitation counselor will be assigned to work with prison officials to follow through on program recommendations made at the Center, to make continuing evaluations, and to recommend necessary modifications to an individual program as the prisoner progresses. At a pre-release center of the Corrections Department—to which all prisoners are transferred 90 days prior to release in the community—a vocational rehabilitation unit has been added to participate in the pre-release adjustment program and to develop employment and placement opportunities. In the community, follow-up service will also be provided by vocational rehabilitation counselors who have been located in six large cities to work exclusively with public offenders.

Similarly, the Arkansas Rehabilitation Service has established evaluation facilities at the State training schools for juvenile public offenders. The staff at these facilities includes vocational rehabilitation counselors, vocational evaluators, vocational instructors, part-time psychiatrists, psychologists and social workers. Services require beyond the evaluation process are ordinarily provided by other agency personnel either in local agency offices or in the agency operated Hot Springs Rehabilitation Center, after the client has been released from the training school. In this way continuity between institutional and community programs has been insured.

The growth of State vocational rehabilitation agency efforts with public offenders has been general and steady. Last year in the States of Florida, Georgia, Tennessee, South Carolina and Alabama, approximately 2,000 persons in correctional programs were served by State vocational rehabilitation agencies. This

year an estimated 2,700 persons will be served in these five States by thirty counselors employed full-time in correctional programs. In Oklahoma six counselors are assigned to the Oklahoma State Penitentiary and the Oklahoma State Reformatory and, of the 600 inmates presently receiving services, an estimated 125 will be rehabilitated this year. Under a VRA project development grant, a study is being made of the feasibility of the Oklahoma agency assuring full responsibility for vocational training in these two institutions. If this new responsibility is assumed, an estimated 50 additional correctional staff positions will be filled by the Oklahoma Division of Vocational Rehabilitation. Approximately 25 residents of the Deuel Vocational Institution Preston School of Industry and Soledad Correctional Training Facility in California are returned rehabilitated to the community each month and some of the institutional staff have been assigned to the vocational rehabilitation program.

Another technique for providing vocational rehabilitation services to offenders and delinquent groups involves a close coordination between the State vocational rehabilitation agency and court, parole and other correctional agencies. In Texas, counselors have been assigned to the Dallas, Fort Worth and Abilene Juvenile Courts to work with both juvenile and adult offenders referred by the local courts. A joint Family Court-Division of Vocational Rehabilitation project in Rhode Island is presently providing psychiatric treatment, physical restoration services, guidance, counseling, vocational testing, and vocational training to more than two hundred adolescents who have come into contact with the law. Under a VRA innovation grant, courts in Birmingham and Montgomery, Alabama, may refer disabled public offenders to the Alabama Division of Vocational Rehabilitation for appropriate vocational rehabilitation services. A VRA expansion grant has enabled the District of Columbia Department of Vocational Rehabilitation to develop a new program for court-referred youth to provide the courts with an evaluation of rehabilitative potential and to facilitate a conditional parole as an alternative to imprisonment. In association with the Denver Juvenile Court, the Colorado Division of Vocational Rehabilitation has established a residential treatment center with an innovative treatment program for delinquent youth of junior high school age.

It is significant that although State vocational rehabilitation agencies have been involved in corrections for a relatively short period of time, they have already begun to seek improvements in their methodology, or have attempted to serve particularly difficult cases. The Tennessee Division of Vocational Rehabilitation, for example, is experimenting with token reinforcement payments in its rehabilitation unit at the Jordon Training School for Juvenile offenders. Similarly, a program at the Rhode Island Training School for Boys involves the utilization of behavioral conditioning techniques within an institutional system of rewards and punishments. The Arkansas Rehabilitation Service has added counselor aides to its staff to assist the public offender during this difficult transition period after his release from prison. In North Carolina a program has been developed for youthful offenders who are mentally retarded and in Wisconsin special interest has been given to the problems of the female public offenders. The Pennsylvania agency is now exploring the establishment of a vocational rehabilitation program at the State Hospital for the Criminally Insane. The Colorado Department of Rehabilitation has been especially concerned with the community adjustment of those on parole. It has therefore successfully extended its halfway houses for former mental hospital patients to include correctional clients.

VRA Research and Demonstration Activities

New knowledge in how to work effectively with public offenders is being developed each day through 37 Research and Demonstration Projects in the correctional field, partially supported by VRA funds. Recent research has been supported to develop: (1) a treatment center within a residential school in New York for emotionally disturbed young people adjudged to be juvenile delinquent; (2) a pre-vocational curriculum in Illinois for slow learners considered delinquency prone; (3) a study in Oklahoma of the rehabilitation needs of the juvenile delinquent; (4) a program of plastic surgery and the removal of facial and somatic disfigurements for prison inmates in New York; (5) a comprehensive program within a rehabilitation facility in Minnesota for parolees from a State reformatory; (6) a study in South Carolina of the effectiveness of intensive rehabilitation services for public offenders; (7) a rehabilitation program for municipal public offenders in Louisiana; (8) a study in Washington of the influence of identification opportunities on the behavior of adolescent delinquent

boys; (9) a study in the District of Columbia to determine essential features of a rehabilitation program for young handicapped inmates of a correctional facility; (10) a study in California of fidelity bonding of former offenders as an adjunct to rehabilitation services; and (11) a study in California of perception in adult offenders who were referred to vocational rehabilitation counselors in lieu of jailing.

In a recently approved project, the New York State Division of Vocational Rehabilitation will conduct a program to demonstrate the effectiveness of vocational rehabilitation services within a maximum security prison. The New York State Department of Corrections is providing 24 correctional officers to work in the housing, rehabilitation workshop and recreation areas. Three groups of inmates will be selected for the project including a pre-parole group expected to return to the community within two years of entrance to the project; a maximum sentence group returning to the community when their maximum sentence expires, with no mandatory follow-up; and a third group of long-term inmates who will not be returning to the community for an extended period.

Each inmate within the experimental groups will receive comprehensive services including medical and diagnostic services, physical restoration, psycho-social-vocational evaluation, work adjustment services, remedial education, skill training, selective placement with Prison Industries and Prison Maintenance, placement follow-up, individual and group counseling, recreation, and vocational rehabilitation services back in the community.

An extensive correctional service program has also been established under the research and demonstration program in eight Federal jurisdictions. These projects, which are located in Atlanta, Chicago, Denver, Pittsburgh, San Antonio, Seattle, Springfield (Illinois) and Tampa, have been designed to demonstrate and test different ways of developing vocational rehabilitation programs for State and local offenders.

Each project provides intensive rehabilitation services to a random sample of public offenders and includes a control sample of those not provided services. Projects enter into the corrections process at three stages. Some projects enter cases during the pre-sentence investigation period and follow them through incarceration and parole or probation. Other projects receive cases as they are assigned to the probation offices as probationers or parolees. A third set of projects accept only cases which have been on probation or parole for two to six months. Three of the projects take cases at two of these points of entry. The Chicago project accepts only female offenders. Approximately 500 persons have been served by these programs since November, 1965.

Under its International Rehabilitation Research program, VRA has supported a study sponsored by the Ministry of Social Welfare in Israel concerning the influence of group psychotherapy on the work adjustment of delinquent adolescents. This project is designed to measure attitudinal changes in different psycho-social and vocational areas which occur during the institutional process.

VRA Training Programs

Under its training grant authority, VRA has been supporting conferences which bring together professionals from both the correctional and rehabilitation fields to explore ways of working more closely together. Recent conferences have been the "Midwest Institute of Correctional Manpower and Training," Topeka, Kansas; "Institute for Meeting Manpower Needs for Correctional Rehabilitation in the South," Atlanta, Georgia; "Rehabilitation of Clients with Behavioral Disorders," Norman, Oklahoma; and "Effective Approaches to the Rehabilitation of the Disabled Public Offenders," Andover, Massachusetts.

Social workers and rehabilitation counselors being trained for correctional work are also supported by the VRA training grant authority. Social work programs with correctional emphasis have been established at Bryn Mawr College, University of Washington, University of Denver, State University of New York at Buffalo, University of Illinois, University of Louisville and University of Missouri. Similarly, vocational rehabilitation counselors receive some correctional experience in the programs at University of Alabama, State University of New York at Buffalo, Columbia University, University of Georgia, University of Missouri, Southern Illinois University, Syracuse University and University of Tennessee.

Correctional Rehabilitation Study Act of 1965

The shortage of skilled personnel in the field of correctional rehabilitation is a critical one. The Correctional Rehabilitation Study Act of 1965 amended the Vocational Rehabilitation Act to make special project grants available for con-

ducting a program of research and study of the personnel practices and needs in the field, and of the educational and training resources for persons already working or preparing to enter the correctional rehabilitation professions. A grant has been made to the Joint Commission on Correctional Manpower and Training which is currently undertaking its study of the entire correctional manpower problem.

Preventive Rehabilitation Programs in Schools

Research has shown that within the youthful offender population there is a sizeable proportion of young people who would qualify for special education classes. In virtually every State, special education, vocational rehabilitation cooperative programs have been developed to provide curricular and vocational training experience appropriate for young people in special classes and to ensure their securing stable and suitable employment at the termination of their schooling. Programs of this type have spread rapidly throughout the country and VRA and the Office of Education are jointly encouraging the establishment of new programs and the improvement of existing ones.

It is hoped that a further expansion of this effort will present the predelinquent who has limited mental ability with an alternative to school dropout and delinquent behavior patterns.

Goals for the future

The public rehabilitation program views crime and delinquency as primarily the problem of individuals. Thus its focus is on the individual and his attempts to establish for himself a satisfying identity and a rewarding vocational role. Vocational rehabilitation programs have been aimed at providing the individual with the opportunity to develop the necessary abilities and skills to participate actively in the community and to gain both in personal dignity and competence.

The area of employment has been shown to be an effective setting for efforts designed to reduce crime and delinquency and past successes insure future progress of the vocational rehabilitation agencies in the correctional field. Currently comprehensive Statewide planning activities in vocational rehabilitation are being undertaken in practically every State to make certain that all handicapped individuals in need of these services will have them available by 1973. The needs of the handicapped public offender are being recognized in these studies and the entire correctional area is receiving special attention. The potentials of the vocational rehabilitation program are both enormous and diverse.

As a relatively new area of special concern, some State agencies have effected their programs far more rapidly than others. In general, however, it has become clear that the State vocational rehabilitation agencies constitute a major resource in the national correctional rehabilitation effort.

REHABILITATION OF ALCOHOLICS

Miss SWITZER. Now, the other case you mentioned was the alcoholics. Senator JAVITS. Yes.

Miss SWITZER. I would say the rehabilitation of the alcoholics is second only to the rehabilitation of the narcotics addiction in difficulty of accomplishing it on a long-range basis. I think there is plenty of evidence—one can look to Alcoholics Anonymous and other means—to achieve remarkable results. But to do it on any large-scale basis, we have not been sensorially successful in our program, I would say.

But this year, more than any other, seems to me, maybe because of the organized effort of community agencies to come together, maybe because of the educational campaigns that are going on as to the dangers of increased alcoholism among our people, and maybe because of industry and business putting more emphasis on this, for whatever reason, and maybe for all of them there is an increased interest and an increased commitment; I think this is true in our own Department.

For many years we would be struggling to get one small project here, and another one there, and the results would not be very sensational; but now beginning about 3 years ago, the Secretaries personally, Mr. Celebreeze first and now Mr. Gardner, have been pressing all the units

of the Department to do what they could in the field of alcoholism. This generates interest throughout the country, so we don't find ourselves quite so alone in this effort. I think our most interesting project—and others of my staff can speak to it if they can identify projects quickly—is the State of Iowa. I think it is Governor Hughes of Iowa.

Senator HILL. You mean that is where the tall corn grows?

Miss SWITZER. Yes.

Senator HILL. He is the Governor out there now.

Miss SWITZER. He is very much interested in the problem.

PROGRAM IN IOWA

The State of Iowa has a statewide rehabilitation program for finding and dealing with alcoholics and our program of rehabilitation is in the middle of it. I guess maybe this may be the way to tackle it because if it becomes popular to be part of a program, then people are less sensitive about admitting that they have it. If you have a Governor that goes around and talks about it, this helps people.

Senator JAVITS. Do you have a statement of our projects on alcoholism that has been presented?

Miss SWITZER. We have, I think, and we would be glad to give you a list, Senator Javits.

ARRESTS FOR ALCOHOLISM

Senator JAVITS. I just wish to note there are 2 million arrests every year for alcoholism in which three-quarters are unaccompanied by other lawbreaking, that is, assault or a breach of the peace. It is one of the great wastes of the Nation that we have failed to deal with alcoholism as we have with narcotics addiction as in the Narcotics Addict Rehabilitation Act sponsored by Senator McClellan in which I joined and other Senators, including Senator Kennedy. This is urgently needed. I realize that the Department has no other framework for it because we have not supplied it, though I have legislation in and have had for some time. Therefore, I wish you to know I thoroughly approve of your picking up the ball and doing something with it.

Miss SWITZER. We are doing everything we can, Senator.

Georgia got a \$300,000 expansion grant in connection with Emory University to deal with their cases in Atlanta.

Senator JAVITS. How much money is involved in the alcohol program?

Miss SWITZER. I don't know. A considerable amount.

Senator JAVITS. Let us get a record.

Miss SWITZER. Yes.

ALCOHOLISM

Alcoholism is the fourth major health problem in the United States today with an estimated five million victims. About two million of these are job holders who constitute almost three percent of the entire industrial force. Wage losses attributed to alcoholism amount to almost four and one-half million dollars a year.

In addition to the economic loss as Secretary Gardner has pointed out, between 16 and 20 million members of families of alcoholics are tragically affected. About 10,500 deaths were officially attributed to alcoholism in 1963 and there is every reason to believe that the actual number is much greater. Excessive drinking is cited as a factor in at least 30 percent of traffic deaths. Only three to eight percent of alcoholics are of the so-called "skid-row" type. Experts say

that more than 80 percent of all alcoholics are living with their families, holding, or trying to hold some kind of job, trying to maintain a place in the community.

Over the years an increasing number of State vocational rehabilitation agencies given special attention to the alcoholic. In 1966, 1,562 alcoholics were rehabilitated. There has been greatly increased activity however since the enactment of the new legislation (P.L. 89-333), some of the examples that may be cited are as follows:

SECTION 2—BASIC SUPPORT PROGRAMS

Vocational rehabilitation agencies in Alabama, Arkansas, California, Colorado, Florida, Pennsylvania and West Virginia, have undertaken cooperative programs with State mental health departments and commissions in serving the alcoholics as part of their basic support programs. California is operating an Alcoholic Center in Sacramento which provides some unique rehabilitation services which takes the client from inebriation to employment, including municipal court screening, county hospital psychiatric service screening, group education, and the use of recovery houses. This program is currently serving 275 alcoholics in the Sacramento Metropolitan area. In addition, the California Department of Rehabilitation has assigned counselors with case service funds to public health alcoholic clinics in four locations.

The Pennsylvania Bureau of Vocational Rehabilitation has increased its activity with alcoholics. In addition to the assignment of a special counselor at the Danville State Hospital, collaboration recently has been extended to other facilities such as Alcoholic Clinics, Alcoholic Units in State mental hospitals, the Philadelphia Skid Row project, and the Chit Chat Farms. Close liaison with State agency district offices brings continuity of services for the alcoholic from an institutional setting to community service programs and for vocational rehabilitation to be an integral part of after-care.

West Virginia reports that an excellent record of non-drinkers for one year after their release from the alcoholic treatment unit at Spencer State Hospital. The West Virginia vocational rehabilitation agency has signed a cooperative agreement with the Department of Mental Health whereby the agency will house an alcoholism information and referral center in its Lewisburg Branch office.

Similarly, the Florida vocational rehabilitation agency has an inter-agency cooperative program with the County Welfare Department in Hillsborough for the operation of an alcoholic halfway house and reports that its program has had 136 referrals during fiscal year 1966, of which 70 were accepted for additional rehabilitation services, and 66 were closed as rehabilitated. The agency is now completing a similar cooperative program with the Alcoholic Rehabilitation program at Avon Park.

SECTION 3—INNOVATION GRANT PROGRAMS

The North Carolina vocational rehabilitation agency in cooperation with the Mecklenburg County Alcoholic Beverage Control Board, under an innovation grant, has developed a project to provide vocational rehabilitation services from chronic alcoholic clients who have histories of long social and vocational maladjustment. The rehabilitation team will consist of a counselor and psychiatric social worker in concert supported by adequate psychiatric and psychological consultation. The above indicated professional team will serve alcoholic clients in Mecklenburg County which includes the city of Charlotte, North Carolina. If results are favorable, the potential for expansion of this service into other areas of the State are great.

In addition, the North Carolina agency is developing plans to establish a vocational rehabilitation unit at the State Alcoholic Rehabilitation Center in Butner. Basic services will include a program of work evaluation, vocational training in selected areas. This program is being developed in cooperation with the North Carolina Department of Mental Health and will be funded under its basic support program.

The Texas vocational rehabilitation agency is using its innovation grant to establish a cooperative program with the Texas State Psychiatric Institute called HARP—Houston Alcoholism Rehabilitation Project. This is a new and comprehensive program arrangement for rehabilitating the alcoholic patient heretofore receiving only a minimal or token services.

SECTION 4 (a) (2) (A)—EXPANSION GRANT PROGRAMS

The State of Iowa has inaugurated a comprehensive State-wide program to combat alcoholism in Iowa. This is a jointly funded and sponsored Office of Economic Opportunity, Vocational Rehabilitation Administration, and State agency project. Financing will be from the OEO to the tune of approximately \$1,300,000. The VRA is involved in the funding of this program with an expansion grant in the amount of \$375,868 over a period of approximately 32 months for the establishment of three residential halfway houses. The State vocational rehabilitation agency has agreed to provide a minimum of \$75,000 per year in direct case services to alcoholics referred to this agency, and will also have counselors who will work with the project's consultant-coordinators in geographical locations paralleling their district office. The counselors assigned to work with the alcoholic project will be primarily expeditors in the program. They will be responsible for keeping the other staff within the district office informed on not only referrals but on the follow-up and utilization of other resources that are available to help the alcoholic client.

A concerted effort to screen chronic alcoholic court offenders and encourage their participation in rehabilitation programs is being developed under another expansion grant by Emory University in cooperation with the Georgia Division of Vocational Rehabilitation in Atlanta. This project will directly expand and provide a full range of vocational rehabilitation services to chronic drunk court offenders who heretofore have been served in a very limited number.

The Arizona vocational rehabilitation agency is using its expansion grant funds for the assignment of a special counselor who will coordinate his activities with the different Federal, State and private agencies already providing services to the alcoholic. In this manner he will be involved in case finding, indoctrinating the different groups with vocational rehabilitation functions so that the referrals to this agency will be partly screened, and will enable him to more fruitfully use his time with the clients that can be rehabilitated.

RESEARCH

Under the Research and Demonstration Grants program authorized under Public Law 565 the Vocational Rehabilitation Administration has granted funds for 16 projects on alcoholism. Eleven of these have been completed.

NEED FOR FUTURE RESEARCH

1. The screening of alcoholics for rehabilitation poses a very real problem. Alcoholic individuals vary a great deal in personality characteristics. Their greatest likeness is simply the fact that they drink uncontrollably and exhibit certain symptoms caused by this condition: disturbed relationships, sense of personal inadequacy, social insulation, instability of employment. There does appear, however, to be identifiable characteristics leading to a relatively good prognosis for rehabilitation. These relate to motivation for treatment and resources for improved social relations. So far such emerging factors have been "dryness" at time of clinic contact, sobriety during clinic interviews, age (older), voluntary visit to clinic, fairly good employment history, positive family relationships, keeping of at least six clinic appointments. No doubt other characteristics predisposing to attainment of continued sobriety can be identified and developed into a structured interview to be administered during early contact.

2. Procedures for incorporating vocational rehabilitation into the therapy of alcoholic patients need further exploration. The first problem in this connection is the place of vocational difficulties in the adjustment of the alcoholic patient. Cause must be distinguished from effect. The spotty work history of these individuals is a symptom, not a part of the basic pathological process. This counseling and placement presuppose therapeutic intervention into the fundamental adjustment processes. For this reason ways must be found of integrating vocational guidance with therapy of a group or individual nature.

TRAINING COURSES FOR THE REHABILITATION OF THE ALCOHOLICS

The subject is given some attention in the two-year Training Grant Program in the various universities receiving grants for counselor training. Some of the hospital field work programs afford an opportunity for some extensive study of the problem.

Each year a number of counselors from the State vocational rehabilitation agencies attend the Rutgers School on Alcoholism and also those held locally such as in Colorado, Utah, Louisiana and the Southeastern Summer School in Georgia.

There is a need for an increase in intensive training activities in this area for rehabilitation personnel in all States. This staff will need greater knowledge of the pathology of alcoholism, modification of rigid and moralistic attitudes through recognizing the alcoholics self depreciating image, his fundamental insecurity and dependence (especially important for the welfare client). The counselor must have some understanding too of the needs of families of the alcoholic. Spouses and children of alcoholics have been found to benefit from group therapy which in turn benefits the entire family.

The six months internship courses for vocational rehabilitation counselors working with psychiatric cases located at Harvard School of Medicine, Harvard University, Nebraska College of Medicine, University of Nebraska and the University of Oregon School of Medicine include lectures on alcoholism and assignment of cases presenting the problem of Alcoholism.

IMPORTANCE OF ATTACKING SPECIAL PROBLEMS

Senator JAVITS. Thank you, Mr. Chairman.

Miss SWITZER. I think we have proved conclusively, and this committee knows it, it is important to attack the special problems. I am a "divide and conquer" girl. You have to break out a problem, you can't do everything at once. Just as Mr. Roosevelt's interest in polio and Mr. Kennedy's interest in the mentally retarded opened up opportunities in these fields, and similarly, maybe my interest in the mentally ill, I think that you have to really concentrate on the problem and see it out of focus in order to get something done about it.

Senator JAVITS. That is what we did about narcotics.

Miss SWITZER. Yes. I saw a startling figure and I wonder if you would know if this is a true figure or not. I saw a figure in the paper the other day that the narcotic addiction in Negroes in Harlem and surrounding areas had dropped 15 percent in the last year.

Senator JAVITS. That would not surprise me because New York State has a very big program.

Miss SWITZER. We are doing a lot there, too, but this is something we never dreamed could happen.

NARCOTICS ADDICTION CONTROL ACT

Senator JAVITS. We are not doing nearly enough. We have \$15 million authorized in the Narcotics Addict Rehabilitation Act of last year and the President has asked for appropriations of only \$4 million.

Miss SWITZER. Who administers that act. Is that the Department of Justice?

Senator JAVITS. The National Institute of Mental Health.

Miss SWITZER. Yes.

ALCOHOLISM PROBLEM

Senator JAVITS. We must also deal with alcoholism which is a bigger problem.

Miss SWITZER. Harder to get at.

Senator JAVITS. It absolutely clogs the channels of courts, and police administration; it is an unbelievable problem. I am glad to see you doing something about it but I must say in all fairness to the

Nation, without in any way doing anything but complimenting you, that this is an enormous area that I hope we will move into.

Miss SWITZER. You may be sure that any project that gives any promise of giving results, we would welcome.

Senator JAVITS. For example, we have no chemical to deal with it as we do methadone in narcotics.

Miss SWITZER. I feel strongly, as I have had to deal with this problem with individuals, that there is more chemistry connected with this than anyone is willing to admit. I also feel that one of the areas we have difficulty moving into, which I feel is one of the most serious of the elements of it, is the prevention—you know, the one Martini before luncheon gets to be two Martinis, and then two double Martinis, and then he goes home, and so forth.

Senator JAVITS. You better be careful, Miss Switzer; I am beginning to worry about myself.

Miss SWITZER. I don't advocate double Martinis at lunch.

Senator JAVITS. I join you.

Senator HILL. Why any Martini at lunch?

Miss SWITZER. Well, you know.

Senator JAVITS. Let's not get too extreme.

Miss SWITZER. If you are a bourbon drinker, you might say that. Let's see now. Where was I?

AMOUNT REQUESTED FOR EXPANSION GRANTS

Now, the \$7,500,000 requested for expansion does not include funds for State planning because that program expires in fiscal 1967; and we have requested an extension in our new legislation. If this is extended to 1968, we may have to be back on that one.

The next item is the construction of facilities and workshops. This program was authorized—

\$14 MILLION REDUCTION IN PROGRAM

Senator HILL. Let me ask you this question.

The Budget reduced your program for matching State funds, did they not? The Department reduced it?

Mr. CARDWELL. By \$14 million.

Miss SWITZER. You mean the matching of State funds?

Senator HILL. State funds.

Miss SWITZER. We got enough to match the State funds in section 2 as far as we could judge.

Senator HILL. But you did get some reduction, didn't you?

Mr. CARDWELL. This involved a request made of the Department for an appropriation that was matched in excess of the allotment base and the Department denied that portion.

Miss SWITZER. Yes; that is true. The Department and the Budget Bureau, also.

Mr. CARDWELL. Fourteen million dollars.

Senator HILL. Fourteen million dollars; is that right?

Miss SWITZER. Yes.

Mr. HUNT. Yes.

Senator HILL. Was that more than the basic act authorized?

Miss SWITZER. Yes.

Senator HILL. You asked for funds more than the act authorized?

PROVISO IN APPROPRIATION ACT

Miss SWITZER. You will recall a couple years back there was in the appropriations act a proviso which made available a certain amount of money in addition to what was allocated for States that had gone ahead and gotten more money.

Well, the new act has such a high authorization, I suppose this is the reasoning behind it, that this proviso was no longer recommended by the Department. However, there are funds that still remain unmatched, and in some instance it presents quite a hardship as, for instance, in the District of Columbia. I think, however, I should say for the record, that in most programs of service when you get to the advanced stage where rehabilitation now is, States ought to be willing to put in some of their own money over and above what the Federal Government matches. They do it in health, they do it in education, and they do it in other areas.

I think our State people have got to reach the position in their own thinking, that there is nothing immoral against putting State money in to do something that is going to be good for their own citizens.

Senator HILL. You know the old saying, the longer you lean, the leaner you become.

WORKSHOPS

Senator JAVITS. Mr. Chairman, I would like to ask a question on the workshops.

We hear that the workshops are closing because of the minimum-wage requirements now imposed on workshops. Could you tell us something about that and how it might affect the amount required for matching?

Miss SWITZER. Well, in the first place, I think that that is an exaggeration. The minimum-wage requirements for handicapped people in workshops were changed and modified last year. They do present some problems to workshops that were paying a very low rate to handicapped workers. They do provide some administrative difficulties to workshops that have to get certificates.

Now, whether this is going to mean in the long run that any substantial number of handicapped people are denied employment or that workshops are going to have to radically modify their services, I think it is too soon to say. We have tried very hard to persuade the Department of Labor to be as liberal as they can under their law in permitting handicapped workers to continue until such time as the adjustment or whatever might be required under the act can be worked out. I think it is something that we have to watch constantly.

COMPLAINTS FROM WORKSHOPS

We have had a lot of complaints from workshops, complaining letters about the difficulty of meeting the standards that the Department of Labor set forth in its regulations published in the Register on the first of February. We have requested certain modifications, but

I think it is too soon to say what effect this will really have and what amendments might need to be proposed.

As far as we are concerned, it does not affect any of our estimates because our estimates for workshop improvement are calculated to try to get workshops to try to improve the services and the training that are offered and would probably not be involved in workshops who could not adjust.

Now, a good many workshops over the years have been assuming that their services and their wages and their moneys should somehow balance out. You can't have a first-class sheltered workshop doing the job that it must do and make money on it; you just can't do it.

QUESTION OF SUBSIDIES

So, the question then is whether a subsidy will be provided open and above board for the people in the workshop or whether the services to be given will be subsidized. I think you have to do a little of everything depending on what the workshop is. It is more important sometimes to keep people doing a little bit at the shop all day, you know, Goodwill over the years employing all kinds of people and they have paid them little bits of money.

LABOR DEPARTMENT STUDY

There is a study being made by the Department of Labor. I think it was authorized under the last act, and it should develop some facts in this. I think it needs watching but I just can't believe that the Labor Department's regulations, irritating as some factors in them might be, could close a workshop that had any kind of a sound basis; I really don't.

Senator JAVITS. Thank you.

UNMATCHED STATE FUNDS

Miss SWITZER. Do you want to get back to the unmatched State funds?

Senator HILL. Yes.

Miss SWITZER. There are only one or two places that really do hurt a lot and it goes to their peculiar makeup. The District of Columbia, of course, is one because the District of Columbia does not get an authorization high enough to allow it to pick up enough Federal money to really do a job on its program. There are one or two others. Delaware is a high-income, low-population State; Nevada, the same. They have some problems. The other States, by and large, are States that have always supported the program. States like Georgia, West Virginia—they pick up every possible Federal dollar that is authorized and go beyond it.

I think they should be encouraged to do that; I see no reason why they should not put up as much money as they could afford, as they feel it is important for this program. But I think that States like Delaware, the District of Columbia, and Nevada, could be said to be somewhat hampered by the allotment. I don't think you could have an allotment high enough to give them what they would need. Some special provision would have to be made.

CONSTRUCTION OF FACILITIES AND WORKSHOPS

The next item on our budget is for the construction of facilities and workshops. The 1965 amendments provided for a 5-year program of project grants to assist in the cost of construction and initial staffing of rehabilitation for facilities and workshops. The Federal share in these projects is the same as the Hill-Burton program and in 1968 we are requesting \$3,850,000 which is an increase of \$700,000 over 1967.

FUNDS NOT REQUESTED FOR STATE PLANNING GRANTS

The 1968 request does not include any funds for the State planning grants for construction for which \$1,350,000 was available in 1967.

Senator HILL. No funds provided in this budget?

Miss SWITZER. For the State planning.

Now, the State agencies this year received special funds to set up staff to do the statewide facilities planning which would tie in with Hill-Burton planning. The assumption has been that with the additional money under section 2 and section 3 the States could support this as an integral part of their program. I think that they must support it because it is an important part of their total responsibility for facilities.

Senator HILL. You have got to have facilities; have you not?

CONSTRUCTION FUNDS PROVIDE FOR INITIAL STAFFING

The construction funds also provide initial staffing of those facilities constructed in 1967. It also includes \$250,000 for what we call, for want of a better name, project development grants. These are small grants, usually \$5,000 or \$6,000, to a local community project planning group that wants to be sure that they know that the facilities are necessary as they round out their final plans. If Mobile had needed it, for instance, to perfect its plans, that would have been the type of grant.

Senator HILL. You don't think Mobile needed it?

Miss SWITZER. No; they didn't need it. They were up beyond that point when they came to us and they did it on their own; but if they had not been able to, that would be the type of situation that we would support.

REQUEST FOR WORKSHOP IMPROVEMENT ACTIVITIES

We are requesting \$10 million for workshop improvement activities which is an increase of \$4 million over 1967 and this consists of two programs designed to improve the ability of the workshops to do a better job in the total rehabilitation program. One is a program of grants to workshops to do just exactly what it says, improve their capacity both in administration, in service, and to a certain extent in equipment, and the other part is the training service grant program which has not gotten underway yet because the standards have just been approved but which will be well underway by the beginning of fiscal 1968.

This is a very exciting innovative new part of our program and if we are to really use workshops and the development of workshops as an important community resource of the future, many of them need to change their direction, many of them need to be more sensitive to the needs of the day, and the improvement grants help that.

The training service grants which will carry with them maintenance grants for the people in training, and certain training grants for the workshop to put on a good training program, will provide an incentive and, I think, a new channel to improve and develop and sort out the workshops that are dynamic and can make a real contribution.

TRAINING SERVICE GRANTS

For training service grants, we are requesting \$6 million in 1968 which is an increase of \$4 million because the program is not underway yet but it will be by the end of this fiscal year. These are 90 per cent grants, also.

Senator HILL. Ninety percent?

Miss SWITZER. Ninety percent.

Senator HILL. The Budget Bureau cut you down some on that, didn't they?

Miss SWITZER. Yes; I think the Budget did cut us down on this somewhat. Yes. Yes; they cut us \$2 million. I think you have to remember as we try to do that we are in a difficult budget year.

Senator HILL. I understand.

Miss SWITZER. We have tried to be philosophical about not getting everything we would like and ask for because we feel that really the President and the country are under much stress and strain trying to provide a balance in everything that is needed.

As far as this part of our program is concerned, I think that those responsible feel that this budget will give us what is very important in the early days of the program, that is, enough additional continuous improvement and enlargement, so that we won't lose any of the momentum and enthusiasm.

Senator HILL. So that the momentum will continue?

PERFORMANCE COUNCIL

Miss SWITZER. Yes. We have had tremendous help from the Performance Council under the chairmanship of John Christianson, vice president of Montgomery Ward. They charted the standards that have to be met in order to put these training programs into effect. The enthusiasm that has been generated I think will pay off in big dividends.

This completes the statement on the program of grants to States and institutions.

RESEARCH AND TRAINING

APPROPRIATION ESTIMATE

For grants and other expenses (except administrative expenses) for research, training, traineeships, and other special projects, pursuant to section 4 of the Vocational Rehabilitation Act, as amended, for carrying out the training functions provided for in section 7 of said Act, for studies, investigations, demonstrations, and reports, and of dissemination of information with respect thereto pursuant to section 7 of said Act, and not to exceed \$100,000 for carrying out the functions of the Vocational Rehabilitation Administration under the International Health Research Act of 1960 (74 Stat. 364), **[\$60,325,000]** \$65,484,000.

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Amounts available for obligation

	1967	1968
Appropriation.....	\$60,325,000	\$65,484,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Research and demonstrations.....		\$21,015,000		\$21,850,000		+\$835,000
Training.....		29,700,000		32,534,000		+2,834,000
Special center program.....		8,575,000		10,950,000		+2,375,000
International research (domestic support).....		100,000		100,000		
National study of rehabilitation needs.....	4	100,000	4	50,000		-50,000
Total obligations.....	4	59,490,000	4	65,484,000		+5,994,000
Unobligated balance, reserve.....		835,000				-835,000
Total, obligations and balance.....	4	60,325,000	4	65,484,000		+5,159,000

Obligations by objects

	1967 estimate	1968 estimate	Increase (+) or decrease (-)
Total number of permanent positions.....	4	4	
Full-time equivalent of all other positions.....	3	1	-2
Average number of all employees.....	5	2	-3
11 Personnel compensation:			
Permanent positions.....	\$28,000	\$16,000	-\$12,000
Positions other than permanent.....	25,000	4,000	-21,000
Total personnel compensation.....	53,000	20,000	-33,000
12 Personnel benefits.....	2,000	1,000	-1,000
21 Travel and transportation of persons.....	119,000	108,000	-11,000
24 Printing and reproduction.....	42,000	60,000	+18,000
25 Other services.....	2,330,000	2,974,000	+644,000
26 Supplies and materials.....	1,000	2,000	+1,000
31 Equipment.....	60,000	100,000	+40,000
41 Grants, subsidies, and contributions.....	56,883,000	62,219,000	+5,336,000
Total obligations by object.....	59,490,000	65,484,000	+5,994,000

Summary of changes

1967 enacted appropriation.....	\$60,325,000
Unobligated balance lapsing.....	-835,000
1967 total estimated obligations.....	59,490,000
1968 estimated obligations.....	65,484,000
Total change.....	+5,994,000

Increases

Program	Base		Changes to base	
	Positions	Amount	Positions	Amount
1. Research and demonstration projects.....		\$21,015,000		\$835,000
2. Training grants.....		29,700,000		2,834,000
3. Special research and training centers.....		8,575,000		2,375,000
4. National study of rehabilitation needs.....	4	100,000		-50,000
Total net change requested.....				5,994,000

EXPLANATION OF CHANGES

Research and demonstrations

An increase of \$835,000 above the 1967 level of \$21,015,000 is requested for 1968. Of the total increases, \$579,000 will be used to finance the increased cost of continuations and \$256,000 will be used for additional new projects. The total 1968 request will support 406 projects, including 132 new grants. Emphasis will be placed on research and development in prosthetics and orthotics and new patterns of service.

Training and traineeships

An increase of \$2,834,000 is requested in 1968 for the training program. This will provide a total program level of \$32,534,000 in 1968. The \$2,834,000 increase will provide for 7 new long-term teaching grants, 603 new long-term traineeships and for an increase in the level of short-term training. The proposed new long-term training grants are in the fields of prosthetics and orthotics and State in-service training. The major increases in the number of long-term traineeships are in the fields of rehabilitation counseling (300), occupational therapy (150), physical therapy (130), and prosthetics and orthotics (23).

Special center program

An increase of \$2,375,000 is requested for FY 1968. This will provide a total program level of \$10,950,000 for 18 special rehabilitation research and training centers. The increase of \$2,375,000 provides for continuation costs of the Centers authorized in 1967.

AUTHORIZING LEGISLATION

For the purpose of making grants (A) under section 4(a)(1) for research, demonstrations, training, and traineeships; (B) under clause (2)(A) of section 4(a) for planning, preparing for, and initiating special programs to expand State vocational rehabilitation services; and (C) under clause (2)(B) of section 4(a) to meet the cost of planning for the development of a comprehensive vocational rehabilitation program in each State, there is authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of \$80,000,000, for the fiscal year ending June 30, 1967, the sum of \$104,000,000, and for the fiscal year ending June 30, 1968, the sum of \$117,000,000.

Justification

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Special center program -----	-----	\$8, 575, 000	-----	\$10, 950, 000	-----	+\$2, 375, 000

The 1968 request for the Rehabilitation Research and Training Center program is for \$10,950,000 which is an increase of \$2,375,000 over the \$8,575,000 appropriated for 1967. The \$10,950,000 is divided as follows: eleven medical centers, \$8,750,000; three mental retardation centers, \$1,050,000; three vocational rehabilitation centers, \$900,000; one center for the deaf, \$250,000. The increase of \$2,375,000 provides for continuation costs of the centers authorized in 1967. No additional centers are planned for FY 1968.

Since the inception of the rehabilitation research and training centers program in 1961, tremendous strides have been made to meet a special need within the rehabilitation field, that is, to bring together medical and other research and training activities in a setting which is most conducive to experimentation and to offer a broad training program utilizing the results of research for instruction of students and for improvement of patient care. Through the well organized and efficient operation of 18 centers during the past year, we have been able to support the short-term training of 5,268 professional workers from all fields of rehabilitation-allied specialties. Many research projects were in progress at all the centers. These projects are paying, and will continue to pay, great dividends in almost every field of rehabilitation. In the service aspect of this program during the past year, 7,824 patients participated in the research and/or training

aspects of the program and provided the clinical background by which new and better approaches could be found to the solution of some of the most perplexing problems of rehabilitation. The contribution of services and the gains in knowledge through research and training that these centers are making will play a significant role in ultimately bringing the Vocational Rehabilitation Administration closer to the attainment of its goal of providing rehabilitation services to all disabled persons who need and want them.

Through the continued operation of 18 rehabilitation research and training centers, the Vocational Rehabilitation Administration will be able to continue the increase in the training of highly skilled personnel and advance the knowledge in the major disability fields which constitute a significant portion of individuals requiring vocational rehabilitation. These centers involve many of the most distinguished universities providing training for the majority of the young professional leaders in this country in medicine, psychology, social work, vocational rehabilitation counseling, sociology, engineering, physical therapy, occupational therapy, and the like. In addition the advances in knowledge resulting from ongoing intensive programmatic research result not only in direct benefits to those students in the professions indicated, but also provide for dissemination of information to expand the ability of practitioners in every aspect of rehabilitation serving in both public and private rehabilitation agencies. Some examples of the contributions will be found in the specific citations below.

Research and demonstration grants and contracts—Estimates for program categories

Program categories	1967 estimate		1968 estimate		Increase or decrease	
	Projects	Cost	Projects	Cost	Projects	Cost
I. Rehabilitation of mental retardates.....	65	\$3,121,000	53	\$3,068,000	-12	-\$53,000
II. Mental and personality disorders.....	33	1,754,000	30	1,727,000	-3	-27,000
III. Rehabilitation of deaf people.....	18	834,000	18	966,000	-----	+132,000
IV. Speech and hearing disorders.....	15	362,000	13	314,000	-2	-48,000
V. Rehabilitation of blind people.....	55	1,510,000	52	1,490,000	-3	-20,000
VI. Rehabilitation medicine.....	56	3,172,000	60	3,328,000	+4	+156,000
VII. Older persons and others with chronic and severe disabilities.....	18	873,000	15	767,000	-3	-106,000
VIII. Counseling and evaluation.....	27	1,077,000	24	985,000	-3	-92,000
IX. New patterns of service.....	106	6,371,000	110	6,585,000	+4	+214,000
X. Development of experimental facilities.....	9	709,000	9	700,000	-----	-9,000
XI. Other projects.....	4	80,000	4	80,000	-----	-----
XII. Prosthetics and orthotics.....	14	1,152,000	18	1,840,000	+4	+688,000
Total.....	420	21,015,000	406	21,850,000	-14	+835,000

Research and demonstration projects—Estimates by program category

Type of project	Fiscal year 1967		Fiscal year 1968		Increase or decrease	
	Projects	Amount	Projects	Amount	Projects	Amount
New.....	141	\$7,131,000	132	\$7,387,000	-9	+\$256,000
Continuing.....	279	13,884,000	274	14,463,000	-5	+579,000
Totals.....	420	21,015,000	406	21,850,000	-14	+835,000
Details of continuing projects:						
Beginning fiscal year 1964 and prior.....	64	3,110,000	26	1,404,000	-38	-1,706,000
Fiscal year 1965.....	100	5,000,000	22	1,533,000	-78	-3,467,000
Fiscal year 1966.....	115	5,774,000	107	5,499,000	-8	-275,000
Fiscal year 1967.....	-----	-----	119	6,027,000	+119	+6,027,000
Totals.....	279	13,884,000	274	14,463,000	-5	+579,000

Summary of training program

Field	1967 estimate		1968 estimate		Increase over 1967	
	Number	Amount	Number	Amount	Number	Amount
Long-term training:						
Rehabilitation counseling:						
Teaching grants.....	83	\$1,943,000	83	\$1,943,000		
Traineeships.....	1,840	5,006,000	2,140	6,456,000	300	\$1,450,000
Total.....		6,949,000		8,399,000		1,450,000
Medicine:						
Teaching grants.....	112	2,530,000	112	2,530,000		
Traineeships.....	574	2,494,000	574	2,494,000		
Total.....		5,024,000		5,024,000		
Nursing:						
Teaching grants.....	13	349,000	13	349,000		
Traineeships.....	82	215,000	82	215,000		
Total.....		564,000		564,000		
Occupational therapy:						
Teaching grants.....	26	361,000	26	361,000		
Traineeships.....	458	658,000	608	943,000	150	285,000
Total.....		1,019,000		1,304,000		285,000
Physical therapy:						
Teaching grants.....	33	396,000	33	396,000		
Traineeships.....	418	769,000	548	1,099,000	130	330,000
Total.....		1,165,000		1,495,000		330,000
Prosthetics-Orthotics:						
Teaching grants.....	9	718,000	16	926,000	7	208,000
Traineeships.....	23	69,000	46	107,000	23	38,000
Total.....		787,000		1,033,000		246,000
Social work:						
Teaching grants.....	41	804,000	41	804,000		
Traineeships.....	381	1,090,000	381	1,090,000		
Total.....		1,894,000		1,894,000		
Speech and hearing:						
Teaching grants.....	61	1,006,000	61	1,006,000		
Traineeships.....	678	2,261,000	678	2,261,000		
Total.....		3,267,000		3,267,000		
Rehabilitation of the blind:						
Teaching grants.....	8	319,000	8	319,000		
Traineeships.....	54	133,000	54	133,000		
Total.....		452,000		452,000		
Rehabilitation of the deaf:						
Teaching grants.....	8	243,000	8	243,000		
Traineeships.....	81	308,000	81	308,000		
Total.....		551,000		551,000		
Rehabilitation of the mentally retarded:						
Teaching grants.....	31	872,000	31	872,000		
Traineeships.....	221	708,000	221	708,000		
Total.....		1,580,000		1,580,000		
Rehabilitation facilities:						
Administration.....						
Teaching grants.....	16	640,000	16	640,000		
Traineeships.....	167	687,000	167	687,000		
Total.....		1,327,000		1,327,000		

Summary of training program—Continued

Field	1967 estimate		1968 estimate		Increase over 1967	
	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount
Other fields: ¹						
Teaching grants.....	35	\$717,000	35	\$717,000		
Traineeships.....	182	634,000	182	634,000		
Total.....		1,351,000		1,351,000		
State inservice training.....		543,000		730,000		\$187,000
Summary—Long-term training:						
Teaching grants.....	476	11,441,000	483	11,836,000	7	395,000
Traineeships.....	5,159	15,032,000	5,762	17,135,000	603	2,103,000
Total.....		26,473,000		28,971,000		2,498,000
Short-term training:						
Instructional costs.....	226	1,049,000	255	1,184,000	29	135,000
Travel for instruction.....		84,000		100,000		16,000
Traineeships.....	7,060	1,334,000	8,006	1,519,000	946	185,000
Total.....		2,467,000		2,803,000		336,000
Research fellowships:						
Regular.....	39	160,000	39	160,000		
Research training.....	120	600,000	120	600,000		
Total.....		760,000		760,000		
Summary:						
Teaching grants.....		12,574,000		13,120,000		546,000
Traineeships.....		16,366,000		18,654,000		2,288,000
Research fellowships.....		760,000		760,000		
Total program costs.....		29,700,000		32,534,000		2,834,000

¹ Includes psychology, sociology, recreation for the ill and disabled, dentistry and interdisciplinary rehabilitation.

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Federal grants for research and training programs under secs. 4 and 7 of the Vocational Rehabilitation Act

State or territory	1966 actual			1967 ¹		
	Research and demonstrations	Training and traineeships	Total	Research and demonstrations	Training and traineeships	Total
Total.....	\$20,568,200	\$24,591,500	\$45,159,700	\$12,457,500	\$27,701,000	\$40,158,500
Alabama.....	251,000	180,800	431,800	212,200	239,200	451,400
Alaska.....	268,700	.....	268,700	200,000	.....	200,000
Arizona.....	170,300	210,300	380,600	.....	236,800	236,800
Arkansas.....	303,800	114,000	417,800	202,300	52,600	254,900
California.....	2,608,900	2,448,300	5,057,200	1,011,100	2,840,000	3,851,100
Colorado.....	86,200	486,400	572,600	40,200	467,400	507,600
Connecticut.....	496,900	206,000	702,900	341,100	237,200	578,300
Delaware.....	38,300	.....	38,300	.....	.....	.....
District of Columbia.....	1,061,400	744,100	1,805,500	787,900	743,800	1,531,700
Florida.....	238,700	604,100	842,800	113,000	649,600	762,600
Georgia.....	269,100	622,100	891,200	208,400	517,800	726,200
Guam.....	.....	.....	.....	.....	.....	.....
Hawaii.....	15,400	68,100	83,500	.....	78,600	78,600
Idaho.....	51,300	1,200	52,500	20,400	1,000	21,400
Illinois.....	921,800	1,611,900	2,533,700	726,400	1,844,000	2,570,400
Indiana.....	199,700	220,800	420,500	159,100	338,700	497,800
Iowa.....	168,500	244,300	412,800	252,400	265,300	517,700
Kansas.....	328,900	273,400	602,300	162,000	292,200	454,200
Kentucky.....	447,700	200,700	648,400	411,900	189,100	601,000
Louisiana.....	46,900	222,400	269,300	353,400	308,100	661,500
Maine.....	69,900	1,500	71,400	69,600	300	69,900
Maryland.....	419,200	293,800	713,000	121,400	389,500	510,900
Massachusetts.....	845,400	1,404,400	2,249,800	357,700	1,362,000	1,919,700
Michigan.....	281,000	1,274,400	1,555,400	71,200	1,360,000	1,431,200
Minnesota.....	501,300	539,200	1,040,500	220,800	810,000	1,030,800
Mississippi.....	259,200	35,000	294,200	.....	87,800	87,800
Missouri.....	282,700	573,700	856,400	239,200	674,000	913,200
Montana.....	47,700	25,700	73,400	.....	27,300	27,300
Nebraska.....	35,700	141,500	177,200	48,100	271,000	319,100
Nevada.....	104,700	3,000	107,700	63,000	3,000	66,000
New Hampshire.....	74,300	18,500	92,800	44,300	10,300	54,600
New Jersey.....	335,400	267,500	602,900	205,100	255,900	461,000
New Mexico.....	22,800	22,900	45,700	20,000	28,500	48,500
New York.....	3,602,800	4,584,100	8,186,900	2,075,700	5,117,000	7,192,700
North Carolina.....	160,700	532,900	693,600	40,000	256,300	296,300
North Dakota.....	121,800	30,700	152,500	45,500	52,000	97,500
Ohio.....	1,044,400	884,700	1,929,100	545,000	1,095,400	1,640,400
Oklahoma.....	218,600	411,900	630,500	63,500	362,100	425,600
Oregon.....	268,600	405,100	673,700	207,500	484,100	691,600
Pennsylvania.....	783,600	1,514,700	2,298,300	529,800	1,833,200	2,463,000
Puerto Rico.....	145,600	278,500	424,100	35,600	234,300	269,900
Rhode Island.....	191,100	5,300	196,400	196,400	3,400	199,800
South Carolina.....	225,100	40,700	265,800	117,400	69,400	186,800
South Dakota.....	46,600	1,800	48,400	34,300	3,100	37,400
Tennessee.....	168,900	225,500	394,400	77,300	392,000	469,300
Texas.....	595,900	621,400	1,217,300	578,500	688,600	1,267,100
Utah.....	142,000	234,800	376,800	.....	264,400	264,400
Vermont.....	81,300	1,400	82,700	45,700	44,000	89,700
Virginia.....	301,700	427,900	729,600	269,600	521,500	791,100
Virgin Islands.....	14,700	.....	14,700	.....	.....	.....
Washington.....	320,200	278,400	598,600	211,400	395,600	607,000
West Virginia.....	326,300	248,500	574,800	174,700	263,600	438,300
Wisconsin.....	469,000	801,700	1,270,700	462,400	739,000	1,201,400
Wyoming.....	86,500	1,500	88,000	85,000	1,000	86,000

¹ Grants are estimated as of Dec. 31, 1966. Research and demonstration grants and training and traineeship grants are not allotted by State, but are granted on the basis of applications made to research, educational, and other institutions or nonprofit organizations. Therefore, it is not possible to estimate on a State-by-State basis the grants that will be made for the remainder of 1967 or for 1968.

Miss SWITZER. Now we come to research and training. For the broad category of research and training, the request is for a total of \$65,484,000 which is an increase of \$5,159,000 over 1967. This program covers research and demonstrations, training, special centers, the domestic support of the international research program, and also the national study under the citizens' committee.

RESEARCH AND DEMONSTRATIONS

I will talk first about research and demonstrations.

The \$21,850,000 requested for 1968 will enable us to support 406 projects; \$14,463,000 is for continuation costs and \$7,387,000 for new projects. The main thrust of our research program in 1968 will be in rehabilitation medicine—heart disease, cancer, and stroke, particularly—new patterns in the delivery of rehabilitation services, because increasingly we feel that we must find more economical, faster ways to get service to people, and a new thrust in the field of prosthetics and orthotics, artificial limbs and braces. Nearly half of our total for all projects in 1968 will be in these areas.

CORRECTIONAL REHABILITATION

We have done a number of different things under the research and demonstration program concentrating at one period in one area, and at another time in a different area. First, we had the retarded and now we are in correctional rehabilitation, and we want to continue stressing it. We feel also that in the field of the support of artificial appliances we are again in a changing period of new developments in this field.

Important developments are occurring as a result of our research program in Poland, which I think we mentioned last year, Dr. Weiss' program of fitting the limb while the man was still under the anesthetic. This is revolutionizing the practice of prosthetics in this country and the manufacturing of limbs and the whole area of the development of new and better braces. We are the main supporter of this. The Veterans Administration is doing a little but primarily in its own orbit.

Senator HILL. You have done most of it, haven't you?

Miss SWITZER. Yes, and we are taking our cue from the experts at the National Academy of Science who developed this. They developed a long-range program for us to pursue in more concentrated areas of research.

LOCATION OF CENTERS

We have three centers, one in California, one in Chicago, and one in New York that are carrying on continuous educational programs for the training of people of all kinds in the new developments of prosthetics, and the research is fairly quickly translated into practice by this device.

Now would you want to say just a word, Mr. Garrett, about what these new centers will do; how they will fit into the old program because this is the biggest part of our increase.

Senator HILL. Tell us about it.

DEVELOPMENT OF NEW ACTION LIMBS

Mr. GARRETT. What we are interested in is trying to develop several different types of new action limbs and new materials. There has been, for example a tremendous amount of effort put into the upper extremity, both bracing and prosthetics. Comparatively little attention has been given to lower extremities. Prosthetics and bracing and therefore one of the thrusts in this coming year will be along this area.

SURGICAL TECHNIQUES

Another area which we don't think about very much because we kind of accept it and that is in the area of new surgical techniques. We have done very little by way of studying, for example, how much will the tissue stand, how much pressure.

ANALYSIS OF LOCOMOTION

The third area of thrust will be in the area of the analysis of locomotion and analysis of gait with these new improved prosthetics.

Miss SWITZER. Do you remember the exhibit you had here several years ago when people from Michigan and Georgia and different ones came up and demonstrated the newest methods at that time? General Strong was the head of that.

Senator HILL. That has been several years ago.

Miss SWITZER. It remains with you when you see it. I remember those little children from Michigan they brought.

IMPORTANCE OF PROSTHETICS

Mr. Garrett, would you want to say a word about the importance of some of the prosthetics we usually don't think about, as for instance in the cancer field—the study and proper care of cancer gadgets that people have when they have radical surgery. This is part of our effort, also.

Senator HILL. What about that?

Mr. GARRETT. We have been working collaboratively with the National Institute of Dental Research in the matter of facial prosthetics in which they are supporting the basic research and we are supporting the clinical application, tryout, and development in this particular area.

We feel that this is a very constructive utilization of two programs within the Department in a coordinated way to move the field ahead rapidly.

Senator HILL. Do you think you have made much progress up to date?

Mr. GARRETT. I think our relationship has been excellent and I think it is moving along very well.

Miss SWITZER. We are doing more and more of that, I think. It is quite encouraging. We have been, you know, trying so hard for so long to get some of these specialists interested. I think to have broken through the cancer surgeons is the great victory of the century.

Senator HILL. It was not thought about a few years ago.

Miss SWITZER. They just didn't think it was part of their responsibility and now we have a most brilliant cancer surgeon from Hartford,

Connecticut, and what does he want to have an institute on? The quality of aftercare of the cancer patient. You know, it is wonderful, just great.

Senator HILL. Like a fresh breeze blowing in.

Miss SWITZER. That is right.

So much for research. If you have some questions we can come back to that.

AMOUNT REQUESTED FOR TRAINING

In training we are requesting \$32,534,000 which is an increase of \$2,834,000 over the \$29,700,000 in 1967. This is just, you know, to keep the pressure on to try to minimize the shortages in our rehabilitation personnel. Practically all of the requested increase will be used for traineeships.

TRAINEESHIPS

Senator HILL. Traineeships?

Miss SWITZER. Traineeships. There is a minimum of new grants in the request. We will have 300 more long-term traineeships in rehabilitation counseling.

Senator HILL. You mean in 1968 than we had this year?

Miss SWITZER. That is right.

Then we will have 150 more traineeships in occupational therapy, 130 more in physical therapy. Those are two of the key areas in rehabilitation. The only places where we are going to have increases in long-term teaching grants will be in the field of prosthetics as Mr. Garrett mentioned. So much for that.

The training program moves along. We are constantly conscious of the fact that no matter what we do, no matter how many people we train, the hue and cry is for more.

SHIFTS IN EMPHASIS

During the past year and, as we go into 1968, we may decide on certain shifts in emphasis. We are giving very, very serious thought now to what we ought to be doing about the undergraduate. It is all very well to have highly professionalized, let us say, counselors, masters degree people, which we must keep, of course, but in order to fill in at the bottom of the ladder we need to get in some young people.

We are considering whether it is practical and how we can fit it in with the Office of Education's efforts.

Just as an example of how we are trying to pursue this, we have a meeting scheduled in May in New England under the auspices of the Higher Education Council which will bring together the small private colleges in New England of which there are many. We will try to see whether or not some few of them might be interested in injecting something into the undergraduate curriculum in the junior or senior year in sociology or whatever department seems most appropriate and then give the youngsters a chance to do some practical work as they do for practice teaching.

A good many places do practice teaching. If we could do this on any large scale, we could really, I think, make a tremendous dent.

This would have to be very broad gage because we would have to admit that it was in the whole field of the health professions.

Senator HILL. You could not just narrow it?

Miss SWITZER. You could not narrow it, you could not expect youngsters to be that excited about it. Maybe this year we will have something constructive to report.

SPECIAL CENTER PROGRAM

Also in this appropriation we have the special center program which as you know is very close to my heart and yours. The 1968 request is for \$10,950,000, an increase of \$2,375,000.

The program provides for the continuation of the 18 centers; 11 medical, three vocationally oriented, three for the mentally retarded and one for the deaf. These centers continue to be most exciting, and more and more they are an important part of the fabric of our rehabilitation family.

If you want something special done or if you want to know something special, if you want to have an unusual training program, you just naturally now think it is second nature to turn to the research and training center most suitable.

I think that we have established the usefulness, the validity, and the rightness of this program and I think you should take some pride in that because after all you started it all.

GRANTS FOR CENTERS

You would be interested to know Alabama is coming along nicely. We have I think in the record, do we, a list of the centers and what the present grant is and what the grant would be for next year.

Senator HILL. Do you have that?

Miss SWITZER. I have it here.

This gives you the whole story and the increases range from \$175,000 for New York and Minnesota to \$100,000 for a number of the centers that are just moving along, including Alabama. So all of the centers will get some increase.

Senator HILL. Each one of them will get some?

Miss SWITZER. I think this fair—of course, you can never satisfy some of the larger ones because they could use an indefinite amount, but I think it is safe to say that on this list which I will be glad to put in the record, we are giving them about what they ask for, it is roughly what they think they can use.

I feel that too much too soon is sometimes not doing anybody a favor.

So, we put this in the record.

(The information follows:)

Estimated obligations, research and training centers

Institution	1967 estimate	1968 estimate	Increase
New York University (medical).....	\$1,225,000	\$1,400,000	\$175,000
New York University (deaf).....	100,000	250,000	150,000
University of Minnesota.....	1,225,000	1,400,000	175,000
University of Washington.....	850,000	1,000,000	150,000
Baylor University, Texas.....	1,225,000	1,350,000	125,000
Emory University, Georgia.....	300,000	450,000	150,000
Tufts University, Massachusetts.....	350,000	450,000	100,000
Temple University, Pennsylvania.....	500,000	650,000	150,000
George Washington University, District of Columbia.....	400,000	500,000	100,000
University of Colorado.....	400,000	500,000	100,000
University of Wisconsin.....	300,000	400,000	100,000
University of Texas.....	300,000	400,000	100,000
University of Arkansas and Arkansas Rehabilitation Agency.....	200,000	350,000	150,000
University of Pittsburgh and Pennsylvania Rehabilitation Agency.....	200,000	300,000	100,000
University of West Virginia and West Virginia Division of Vocational Rehabilitation.....	150,000	250,000	100,000
University of Oregon.....	150,000	250,000	100,000
University of Southern California.....	450,000	700,000	250,000
University of Alabama.....	250,000	350,000	100,000
Total.....	8,575,000	10,950,000	2,375,000

CITIZENS ADVISORY COMMITTEE

Miss SWITZER. The only other comment that I would like to make is as you know, we have a Citizens Advisory Committee trying to chart the course in the next 5 years.

This committee has been financed by the allocation of \$100,000 out of the research and demonstration money and we are requesting that \$50,000 be earmarked for the finishing up of the committee's work.

We are going to have a meeting of the committee next week. Dr. Rusk is chairman.

Senator HILL. Is he back from Vietnam?

Miss SWITZER. No; he is not due until tomorrow.

Senator HILL. Will he be here next week?

Miss SWITZER. Yes.

I will leave this open. We may decide we need a little more, just the earmarking of the money.

The Citizens Committee is thinking about the possibility of holding a national conference; and, if they do, we would need a little more money. After I talk to Dr. Rusk and the Citizens Committee, I will talk to you.

Senator HILL. All right.

Miss SWITZER. This will just be a technical matter that you can take care of.

Senator HILL. All right.

RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

APPROPRIATION ESTIMATE

RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

For payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States, for necessary expenses of the Vocational Rehabilitation Administration, as authorized by law, **[\$3,000,000] \$5,000,000**, to remain available until expended: *Provided*, That this appropriation shall be available, in addition to other appropriations to such agency, for the payments in the foregoing currencies.

656 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Amounts available for obligation

Appropriation:

1967-----	\$3,000,000
1968-----	5,000,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Studies of vocational rehabilitation overseas-----		\$3,000,000		\$5,000,000		+\$2,000,000
Total obligations-----		3,000,000		5,000,000		+2,000,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
21 Travel and transportation of persons-----	\$30,000	\$50,000	+\$20,000
22 Transportation of things-----	5,000	5,000	
41 Grants, subsidies, and contributions-----	1 2,965,000	4,945,000	+1,980,000
Total, obligations by object-----	1 2,000,000	5,000,000	+2,000,000

¹ Excludes \$1,500,000 unobligated balance brought forward.

Summary of changes

1967 enacted appropriation-----	\$3,000,000
1968 estimated obligations-----	5,000,000
Total change-----	+2,000,000

Increases

Program	Base		Changes from base	
	Positions	Amount	Positions	Amount
Increased number of international research projects and related activities-----		\$3,000,000		\$2,000,000
Total, net changes requested-----				2,000,000

EXPLANATION OF CHANGES

The 1968 request of \$5,000,000 for this program will provide funds for a total of 130 projects in 8 countries in which there are available foreign currencies in excess of the requirements of the United States. This is an increase of 30 projects over the 1967 program level. Ten projects will terminate in 1967. It is estimated that approximately 65 Americans and 45 Foreign Nationals will participate in the interchange of experts program in 1968 as compared to 66 Americans and 41 Foreign Nationals in 1967.

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Research projects-----	110	\$2,855,000	130	\$4,855,000	+20	+\$2,000,000
Interchange of experts-----	107	145,000	110	145,000	+3	
Total-----	217	3,000,000	240	5,000,000	+23	+2,000,000

An appropriation of \$5,000,000 is requested for 1968 for payment in foreign currencies in 8 foreign countries: Ceylon, India, Israel, Pakistan, Poland, Tunisia, UAR Egypt, and Yugoslavia, to fund about 30 new research projects and to pay travel costs between the United States and cooperating foreign countries of experts associated with these projects. These currencies have been determined by the Department of Treasury to be excess to the United States' requirements in 1968 and will be used to initiate and carry to completion (over approximately a four-year period) research and related activities in the field of vocational rehabilitation. During 1967, research projects are being developed and funded in India, Israel, Pakistan, Poland, UAR Egypt, and Yugoslavia with an appropriation of \$3,000,000.

PURPOSE

The research and demonstration activities carried on under this foreign currency program supplement and complement the programs conducted within the United States under the Vocational Rehabilitation Act, as amended. The overseas programs enable us to benefit from the progress that other countries are making in dealing with vocational rehabilitation problems, many of which are similar to those which confront us in the U.S., and to avail ourselves of the unique talents and capabilities of foreign scientists working in the rehabilitation field. They also directly benefit the countries involved and contribute to the strengthening of U.S. relationships with them as well as furthering our foreign policy aims.

LEGAL BASIS

Section 104(k) of Public Law 480, the Agricultural Trade Development and Assistance Act of 1964, as amended, and Section 4 of Public Law 86-610, the International Health Research Act of 1960, provide the legal basis for this program.

PROGRAM DEVELOPMENT

The International Rehabilitation Research Program was initiated by the Vocational Rehabilitation Administration in 1961 under Public Law 480 with the approval of thirteen projects. By the close of 1967, an overall total of one hundred and ten projects will have been in operation in countries for which foreign currencies are in excess of United States requirements. Ten of these projects are completed.

In September 1961, the Vocational Rehabilitation Administration began implementation of Public Law 86-610, the International Health Research Act of 1960 which includes provision for a program of interchange of experts. Over two hundred American and foreign rehabilitation experts have been engaged in this program since its inception.

ACCOMPLISHMENTS UNDER INTERNATIONAL REHABILITATION RESEARCH PROGRAM

The Vocational Rehabilitation Administration conducts a cooperative research program with agencies abroad in those countries where U.S.-owned foreign currencies accumulated from the sale of agricultural commodities are in excess of United States primary requirements. The agencies in the cooperating countries are asked to identify what they consider to be their major rehabilitation problems and in the areas in which they feel they are most competent to conduct research. Their proposals are directed toward development of new knowledge and techniques for meeting problems of disability which are found in the United States as well as in the participating countries. Invariably the foreign agencies assign their outstanding experts to the projects. Furthermore, whenever possible, the research projects are designed to include collaborative research between American universities and organizations and universities and institutions in the cooperating countries. The following examples of VRA-supported overseas research reflect the scope and depth of the program as well as the far reaching effects of the projects.

In Poland, the Department of Rehabilitation, Medical Academy in Warsaw, is making great strides in the immediate post-surgical fitting of prostheses to amputees. The surgical techniques developed in this research project enable amputees to walk on artificial limbs soon after surgery—most patients take their first step the day following. In addition to the physical and psychological benefits to the patient, there can be great savings in hospital and other costs. Currently, post-surgical practice in orthopedic surgery require extended periods of time

before an artificial limb is fitted and patients become ambulatory. American specialists at the Veterans Administration Hospital, Seattle; the Naval Hospital, Oakland, California; Duke University, the Institute of Rehabilitation Medicine, New York University Medical Center; and other centers in the United States are developing similar techniques under VRA domestic research grants.

In India, Pakistan, and Israel, there are projects relating to the rehabilitation of persons with heart disease. In Bombay, research is directed toward the medical, psychological, social and vocational needs of heart patients from the time of their admission to the King Edward Memorial Hospital until their return to active life. In Karachi, a comprehensive rehabilitation program for persons with heart disease is underway including investigations on ethnic, occupational, nutritional and cultural influences on the incidence and prevalence of heart disease. In Israel, intensive studies are being made on the influence of body activity on the vocational rehabilitation of coronary patients. The Institute of Physiological Hygiene, Government Hospital, Donolo, Tel Aviv, is producing worthwhile information on the significant progress made in the rehabilitation of patients when they are given graduated physical activity. The rehabilitation methods and techniques developed in this project are documented in a film that is being shown to American audiences and at the International Congress of Cardiology in New Delhi.

The heart projects in India, Pakistan and Israel are tied in with a VRA-supported domestic research project at the Institute of Rehabilitation, New York University Medical Center. The domestic project is using cross-cultural data obtained from the overseas projects—including blood types and family and national backgrounds—in studies designed to identify individuals who are prone to coronary disease and stroke and to determine the effects of planned preventive therapy with respect to such people.

The J.J. Group of Hospitals in Bombay has a very promising project in operation dealing with the many rehabilitation problems of burns and burn accidents. This research is attracting the interest of researchers in major burn centers in the United States. For example, collaborative work is now underway between Indian experts associated with the project and researchers at the University of Texas Medical Branch, Galveston, Texas.

Another example of international cooperation is found in the Indian and Israeli projects on the rehabilitation of persons with leprosy. Although there is not a high incidence of leprosy in the United States, the problem of anesthetized extremities is widespread. The work abroad in tendon transfers and grafts and electro-diagnostic study of Hansen's Disease and in restorative surgery ties in closely with the VRA domestic research projects on Hansen's Disease that are being conducted by Louisiana State University in Baton Rouge in cooperation with the United States Leprosorium at Carville. Furthermore, these studies closely relate to experimentation being done elsewhere on persons disabled by arthritis.

In Israel, the Ministry of Social Welfare in conjunction with the Industrial Department of the Institute of Productivity is conducting highly successful studies in methods of training the blind for employment in the textile industry. The training materials and a training film developed under this project will be used in a similar project that the VRA is helping to develop in cotton mills in the United States. This project in the United States will open up an entirely new avenue of employment for blind people.

The Ministry of Social Welfare is conducting a second project relating to the employment of blind people as data processing machine operators. The results of this research program are being compiled in a special guide for use in the United States and other countries that are faced with mechanization and automation that would affect employment opportunities for handicapped persons.

The Department of Orthopedic Surgery and Physical Medicine and Rehabilitation, Hadassah University Hospital, Jerusalem, is keeping pace with current developments through its experiments with plastic materials in the fabrication of lightweight, low cost prosthetic and orthotic devices. Much of the experimentation is being done in collaboration with the Biomechanical Laboratory, Walter Reed Hospital, Washington, D.C.

NATURE OF REHABILITATION RESEARCH PROJECTS

The following brief description reflects the scope and depth of projects developed under the international research program:

India.—Rehabilitation of the blind into competitive employment; rehabilitation of cardiac patients; development of prostheses for persons with facial de-

fects: rehabilitation of persons disabled by convulsive disorders; early detection of visual defects; operation of a mobile ophthalmological unit; establishment of a prosthetic and orthotic research workshop; research in audiology and speech pathology; rehabilitating deaf persons; research in rehabilitation of leprosy patients; rehabilitation of the tuberculosis; rehabilitation of the mentally retarded; and rehabilitation of the mentally ill.

Israel.—Study of use of plastic and development of improved techniques in making orthopedic braces; rehabilitation of blind persons for work in cotton mills and as Data Processing Machine Operators; evaluation of the importance of orientation and mobility in rehabilitation of the blind; investigation of medical, social economic, and vocational problems of individuals with low-back pain syndrome; influence of sports on rehabilitation of a paralytics; investigation of ways to rehabilitate mentally handicapped adolescents; rehabilitation of the deaf; and the influence of group psychotherapy on work adjustment of delinquent adolescents.

Pakistan.—Investigation of the medical, psychological, social and cultural aspects of mental retardation; rehabilitation of persons with orthopedic disabilities resulting from neurological, muscular, bone and joint conditions; establishment of a center for research in the fabrication and fitting of artificial limbs and braces; and rehabilitation of persons with Parkinson's disease.

Poland.—Rehabilitation of young people severely disabled by arthritis; application of new rehabilitation methods, including development and application of new techniques in the field of prosthetics and orthotics; analysis of neuromuscular coordination in individuals with motor organ injuries; investigation of the work capacity of stabilized tuberculosis patients; and influence of rehabilitation upon chronic schizophrenics.

UAR (Egypt).—Rehabilitation of the blind in their villages and rural areas; establishment of a prosthetic and orthotic research center; establishment of an optical aid clinic; and preparation of the mentally retarded for employment.

Syria.—Establishment of an experimental agricultural-vocational center for the rehabilitation of blind persons from rural areas.

Yugoslavia.—Research into rehabilitation of patients suffering from mental disorders; experimentation in the development of new prosthetic and orthotic devices; study of hearing tests and auditory training techniques employed in the rehabilitation of the deaf and hard of hearing and research in the rehabilitation of people disabled by coronary artery disease.

PROPOSED PROJECTS 1968

The success of the ongoing cooperative research projects in the participating countries is creating much interest among organizations that have not heretofore submitted research applications. In addition, new areas of research are being proposed by organizations that have projects in operation. The talents and capabilities of overseas researchers will be utilized in the projects proposed in FY 1968.

Ceylon.—Ceylon was on the list of excess foreign currency countries in FY 1967, but the previous commitments of VRA did not permit the approval of any projects in Ceylon last year. Projects feasible for development in this country include:

1. A comprehensive Rehabilitation Research Center for the development of prosthetics and orthotics, using locally available materials.

2. The establishment of a modern rehabilitation center using and applying rehabilitation techniques developed in India and Israel in the rehabilitation of leprosy patients.

Total cost in 1968 in Ceylon: \$500,000.

India.—India continues to be the country having the greatest amount of foreign currencies available for use in the Public Law 480 program. Because of the magnitude of its problems and its many health and other facilities in various stages of development, India is also the country having perhaps the greatest potential for cooperative rehabilitation research with the United States. The projects in India planned for 1968 include:

1. Establishment of a research project for the rehabilitation of the mentally ill which would involve family participation throughout the rehabilitation process. The usual approach to treatment of the mentally ill involves separation from the family and confinement in an institution. This project will maintain close association of the family with the patient. Each patient will be admitted to the

hospital with at least one member of his family who will not only serve as staff for caring for him at all times, but be an integral part of the therapy process. This project will innovate new techniques for the full rehabilitation of the patient and early return to his home community as well as reducing the cost per patient.

2. Establishment of two comprehensive vocational rehabilitation centers under the Ministry of Labor and Employment. These will be the first two such experimental centers established in India under governmental auspices.

3. Establishment of regional research center in orthotics and prosthetics. The Ministry of Health is interested in establishing 10 regional research centers in orthotics and prosthetics to be affiliated with medical schools. As a start, one project could be established at the Madras Medical College. This program, planned for FY 1967, cannot be initiated until 1968 due to problems in recruiting trained staff.

4. Establishment of a research center for the rehabilitation of blind women from the villages of India. The National Association for the Blind, Bombay, will develop methods and techniques to prepare blind women for work in agricultural and rural farmcrafts and to resettle them in their own families.

Total cost in 1968 in India: \$1,200,000.

Israel.—Israel offers many opportunities. VRA is now supporting in Israel 31 projects, most of which are producing results beneficial to the United States. Because of its highly trained personnel and excellent facilities, such as rehabilitation centers, workshops, medical schools, engineering schools, etc., Israel offers the best opportunities for cooperative research projects with American agencies and VRA. Among the projects proposed for Israel for 1968 are the following:

1. Rehabilitation of "hard core" recipients of public assistance. The project will be conducted by the Ministry of Social Welfare and the Ministry of Labor over a period of four years. This project would tie in with United States projects designed to combat poverty.

2. Research in new methods for vocational training of the deaf. The Organization for Rehabilitation through Training (ORT) and the Ministry of Education are interested in starting this project. This project would experiment with programmed instruction and would tie in with similar research projects in the United States—in Pittsburgh and New York City. This project was planned for FY 1967. ORT could not raise matching funds in that year, but expects to raise its matching funds in FY 1968.

3. Rehabilitation of stroke patients. This project would be directed by the Hadassah Medical Organization, in cooperation with the Ministry of Health, over a four-year period.

4. Investigation of the effects of training on functioning of interdisciplinary rehabilitation teams. The Paul Baerwald School of Social Work, Hebrew University, Jerusalem, in cooperation with the Israel Council of Occupational Rehabilitation, will develop and test, over a period of two years, an experimental program for the preparation of professional people in rehabilitation.

Total cost in 1968 in Israel: \$800,000.

Pakistan.—Pakistan also offers unusual opportunities for cooperative research with the United States. It has well-trained personnel, well-established institutions, and many disabled conditions that need to be, and could be, researched to our mutual benefit. The following projects can be initiated in Pakistan in 1968:

1. Research on the effectiveness of a comprehensive rehabilitation program for diabetic and coronary patients. The Medical Research Center and the Diabetic Association of Pakistan, Dacca, East Pakistan, will conduct a three-year study on the vocational potential of diabetics and coronary patients and will explore new job opportunities for these people.

2. Development of multi-disciplinary methods and techniques for rehabilitating schizophrenic persons. The Jinnah Postgraduate Medical Center, Karachi, will conduct studies dealing with the vocational evaluation, counseling and job placement of schizophrenics and will identify family and cultural attitudes which present obstacles to their rehabilitation. This project will be conducted over a period of five years.

3. Establishment of a pilot rehabilitation research and training center for the deaf. The Association for the Welfare of the Adult Deaf and Dumb, Karachi, will develop techniques for rehabilitating deaf persons by means of vocational guidance, personal adjustment services and vocational training in indigenous crafts and trades. During the three years of the project, the Association will demonstrate that deaf people are a source of manpower for expanding industries in Pakistan.

Total cost in 1968 in Pakistan: \$700,000.

Poland.—VRA is now supporting six research projects in Poland, all of outstanding caliber. VRA has twelve projects in various stages of development. The following two would be started in 1968:

1. Research on the rehabilitation of mentally retarded persons. The Research Center, Invalids Cooperative Union, Warsaw, will analyze the experiences of a selected group of cooperatives involved in the training and employment of mental retardates, and will develop methods of instruction designed to increase the productivity and earning potential of the mentally retarded. The project will be for a three-year period.

2. An investigation of physiological factors affecting the rehabilitation of chronic mentally ill persons. The Rehabilitation Unit, State Sanatorium for Neurotics, Warsaw, will conduct an intensive two-year study to determine the prognostic value of physiological factors in a detailed assessment of patients' success or failure in rehabilitation.

3. Establishment of a pilot research and training center for the rehabilitation of persons with Parkinson's Disease. This project would be conducted in the Clinic for Neurological Studies in Szczecin over a four-year period.

The total cost in 1968 in Poland: \$400,000.

Tunisia.—Tunisia is another country which was added to the list of excess foreign currencies in FY 1967. Here again, VRA's previous commitments would not permit the development and funding of any projects last year. A project for the development of a comprehensive center for research in prosthetics would be the first project VRA would wish to establish. The project would concentrate on the use of local materials in the manufacture and fabrication of the prosthetic appliances.

Total cost in 1968 in Tunisia: \$200,000.

UAR-Egypt.—Last year, the Vocational Rehabilitation Administration entered into negotiations with the Ministry of Social Affairs and the Ministry of Health, UAR, which has opened up many opportunities for cooperative research projects with UAR-Egypt. VRA is in the process of developing the following projects in the UAR:

1. Investigation of new and improved techniques for the rehabilitation of cancer patients. This project will be conducted by the Cancer Institute, Alexandria Medical College and the Ministry of Social Welfare, in cooperation with the Institute of Physical Medicine and Rehabilitation, New York Medical Center.

2. Rehabilitation of alcoholics and drug addicts. This project will be conducted under the Department of Rehabilitation, Ministry of Social Affairs.

3. Studies to improve design, production and use of nature materials in manufacturing of prosthesis and orthotics. The study will be carried out at the University of Alexandria, Faculty of Engineering.

4. Research into the vocational rehabilitation of cardiac patients. The Assiout Medical College and the Ministry of Welfare will jointly conduct this project.

Total cost in 1968 in UAR-Egypt: \$700,000.

Yugoslavia.—At the present, VRA has seven highly successful research projects underway in Yugoslavia and one of the beneficial effects of these projects is that a great deal of interest in rehabilitation research has been stimulated among American-Yugoslav research workers to conduct additional cooperative studies for our mutual benefit. Two projects are planned for Yugoslavia in 1968 as follows:

1. Establishment of a pilot occupational training center for educable mentally retarded adolescents. This project would be conducted by the Institute for Elementary Education and Teacher Training, Belgrade, Yugoslavia, over a four-year period.

2. Study of the sensitivity of the blind for rhythm and intonation when learning foreign languages. The project would be conducted by the Center for the Rehabilitation of Persons with Speech and Hearing Problems, Zagreb, Yugoslavia, over a four-year period.

The total cost in 1968 in Yugoslavia: \$500,000.

INTERCHANGE OF EXPERTS

Under Section 4 of Public Law 86-610, the Vocational Rehabilitation Administration is authorized to arrange for the interchange of scientists and experts engaged in rehabilitation research between the United States and participating foreign countries. Since the interchange program was initiated in September 1961, the Vocational Rehabilitation Administration has brought to the United

States 106 foreign experts and has arranged research activities abroad for 98 American experts. In carrying out this interchange program, the Vocational Rehabilitation Administration pays round-trip transportation from the United States-owned local currencies. Living expenses of foreign experts while in this country are financed under the program "Research and Training-International Research (Domestic Support)". Beginning in 1967 the interchange of experts program will be budgeted on a research fellowship basis.

Since the first group of United States experts in plastic surgery was sent to the Christian Medical College and Hospital in Vellore, India, to help build a broad experimental program for the rehabilitation of leprosy victims, the interchange program has stimulated application of new techniques in rehabilitation developed through the research projects, which contribute directly to improvement of services for the disabled in the United States.

In connection with a project on development of improved techniques in fabricating orthopedic braces being conducted in Israel, a prosthetist and two orthopedic surgeons were brought to the United States and experts from the Biomechanical Research Laboratory of Walter Reed Army Medical Center were sent to Israel.

These experts have reported that the new uses for plastic in braces developed under this project will result in revision of methods for production of braces which will be lighter and more effective, permitting greater mobility for the disabled.

Cardiologists, who are participating in VRA-supported projects related to rehabilitation of people with heart disease in India, Pakistan and Israel, have been brought to the United States to observe and participate in research activities in this field and experts from the Institute of Physical Medicine and Rehabilitation, New York, have spent some time at centers in these countries. Since the international rehabilitation research projects are directly tied in with the VRA-supported research project in New York City which is using cross-cultural data, blood types, and family and national backgrounds in studies designed to identify individuals prone to coronary disease and stroke, this interchange is vital to the efforts for determining the effects of planned preventive therapy. In addition, investigators on U.S. VRA-supported projects to test the extent to which planned exercise programs may assist victims of heart disease are exploring the use of the techniques developed by an expert from the Israeli project who was brought to the United States.

Dr. N. H. Antia and his associates at the J.J. Group of Hospitals who have been conducting studies on burns and burn accidents have also been brought to the States to work at burn centers, and specialists from the John Sealy Hospital in Texas have gone to India. As a result steps are being taken to set up collaborative research between these centers.

The Director of the research project on the immediate post-surgical fitting of prostheses from Poland conducted panel discussions on his project at the meeting of the American Academy of Orthopedic Surgeons and visited a number of hospitals and prosthetics centers in the United States. Arrangements were also made for staff in such U.S. centers to visit the center in Poland. This interchange has resulted in development of similar projects at seven centers in the United States through which U.S. amputees have been helped to walk at a much earlier time than was possible before, and many are able to return to work within a short time after amputation.

Further cross-fertilization of research results is provided by an interchange of experts among participants in VRA-supported foreign research projects. For instance, an expert from the project on rehabilitation of the blind in rural areas in India was sent to give assistance on a similar project in Syria, and an expert from Egypt was sent to India. Israeli surgeons working on the project for rehabilitation of those afflicted with leprosy in Israel were sent to Vellore and Bombay, India to exchange views and techniques with the directors of the Indian projects.

The interchange program has also stimulated universities throughout the countries to provide residencies to staff participating in VRA-supported research projects. The University of Washington has offered residencies to two staff members from the prosthetics project in Poland and a neurological surgeon from India has a residency in his field at the Medical School of Dartmouth University. New York University Institute of Physical Medicine and Rehabilitation has provided a number of residencies and fellowships through the World Rehabilitation Fund to medical staff associated with the VRA-supported research projects who were brought to the U.S. under the interchange program.

Last year the Vocational Rehabilitation Administration brought to the U.S. from Yugoslavia, Professor Petar Guberina, Director, Institute of Phonetics, University of Zagreb, who is conducting a unique research project which the VRA is supporting involving new techniques for training the deaf and hard of hearing to communicate. Dr. Guberina's techniques are now being employed on an experimental basis in the Columbus, Ohio public schools.

Whenever possible, the Vocational Rehabilitation Administration assists in establishing joint research projects between American universities and organizations and foreign universities and organizations. The American and foreign universities and agencies conduct similar or related research and exchange findings and data in order to enhance their respective experimentation and studies. To facilitate this exchange of findings VRA plans an interchange of at least one expert in F.Y. 1968 for each research project in the international program. This interchange will encompass all disciplines contributing to rehabilitation. The opportunities for personal contact, firsthand observation, and the direct exchange of ideas and practices add immeasurably to the value of the research being conducted.

Data on the Program for 1967 and 1968 is given below:

New research projects to be developed in fiscal years 1967 and 1968, and interchange of experts in relation to research activities

Country	New projects		Interchange of experts			
			American		Foreign nationals	
	1967	1968	1967	1968	1967	1968
Ceylon.....	0	2	1	1	0	1
India.....	13	10	27	27	14	15
Israel.....	2	4	10	10	10	10
Pakistan.....	3	4	7	6	3	4
Poland.....	3	2	12	8	6	4
Tunisia.....	0	1	0	2	0	1
United Arab Republic Egypt.....	4	5	3	5	4	5
Yugoslavia.....	2	2	6	6	4	5
Total.....	27	30	66	65	41	45

The talents and capabilities of rehabilitation workers and institutions in other lands are a valuable resource. Through the collaborative research projects being supported with counterpart funds, the products of foreign research add to the quality and productivity of our domestic program. Similarly, the results of our domestic research enrich the programs in the cooperating nations. Also, through the U.S. rehabilitation experts being sent overseas and the foreign specialists being brought to the United States by the Vocational Rehabilitation Administration for participation in rehabilitation research projects, there is a direct exchange of ideas and practices which enhances the value and quality of the rehabilitation research being conducted here and abroad.

Estimated obligations

	1967 estimate	1968 estimate	Increase or decrease
Ceylon.....		\$500,000	+\$500,000
India.....	\$1,099,500	1,200,000	+100,500
Israel.....	335,000	800,000	+465,000
Pakistan.....	725,000	700,000	-25,000
Poland.....	190,000	400,000	+210,000
Tunisia.....	500	200,000	+199,500
United Arab Republic Egypt.....	650,000	700,000	+50,000
Yugoslavia.....		500,000	+500,000
Appropriation.....	3,000,000	5,000,000	+2,000,000

Estimated expenditures

	1967 estimate	1968 estimate	Increase or decrease
Burma.....	\$20,000		-\$20,000
Ceylon.....			
India.....	745,000	\$1,571,000	+\$826,000
Israel.....	715,000	812,000	+97,000
Pakistan.....	375,000	471,000	+96,000
Poland.....	270,000	413,000	+143,000
Syria.....			
Tunisia.....	1,000		-1,000
United Arab Republic, Egypt.....	200,000	308,000	+108,000
Yugoslavia.....	175,000	345,000	+170,000
Total.....	2,501,000	3,920,000	+1,419,000

Miss SWITZER. For the special foreign currency program, we are requesting \$5 million, an increase of \$2 million for 1968. I don't know of any money we spend that is any better invested than this.

Research in heart disease in Israel and India is going on in collaboration with our universities here, and of course we have the example of the Dr. Weiss project.

Senator HILL. Which projects?

Miss SWITZER. Dr. Weiss, that is the project on amputation.

Senator HILL. Yes.

Miss SWITZER. And we have so much that is building good will as well as knowledge.

Senator HILL. How many of these countries?

Miss SWITZER. Let's see. How many countries?

Mr. GARRETT. We have eight this year.

Miss SWITZER. Ceylon and Tunisia have been added. One of the aspects of the program that has been extremely beneficial has been our interchange of experts, their experts coming here and ours going there.

LEPROSY

One of the things I like to mention, I think I do mention every year, but you cannot emphasize the fact often enough, is the importance of what we are able to do in the countries where leprosy is rampant.

Leprosy is about the No. 1 health problem in India and Pakistan.

In dramatizing what can be done for the stricken ones, for the victims of leprosy, I think we have shown to the countries programs that they can cut down some of their dependency load. And in so doing, we have learned a good deal too, particularly in the field of plastic surgery.

This past year we were able for the first time to have collaborative projects with the Public Health Service at Carville, La. There is a study going on which is trying to establish the rehabilitation needs of leprosy patients in that part of the United States, such as bracing for anaesthetic limbs and personal adjustment and vocational counseling.

Dr. Brandt, who was the great pioneer in the Indian program, is down there this year and they have a number of projects that are dramatizing for the people in that part of the country these rehabilitation needs and their solution.

The most encouraging aspect of this to me is the fact that in one of the big vocational centers in New Orleans, they are taking people now at Carville to train. This was unheard of, you know very few years ago. Some of the most severely disabled people, come from Carville and learn a trade. I almost cried when I went through and saw it. It has been a dream that windows and doors would be opened for these people. So, I think in our international program, this indirect influence is one of the very strong points.

Senator HILL. One of the most challenging.

Miss SWITZER. Yes. It all goes back to the Health for Peace Act. When was that, 1959?

Senator HILL. Public Law 86-610, approved July 12, 1960.

Miss SWITZER. In 1960, we got underway. It is unbelievable really what we have been doing.

GRANTS FOR CORRECTIONAL REHABILITATION STUDY

APPROPRIATION ESTIMATE

GRANTS FOR CORRECTIONAL REHABILITATION STUDY

For grants under the provisions of section 16 of the Vocational Rehabilitation Act, as amended, for a program of research and study in correctional rehabilitation, \$800,000.

Amounts available for obligation

	1967	1968
Appropriation (total).....	\$800,000	\$800,000

Obligations by activity

	1967 estimate	1968 estimate	Increase
Study of correctional manpower needs (total obligations).....	\$800,000	\$800,000	-----

Obligations by object

	1967 estimate	1968 estimate	Increase
41 Grants, subsidies, and contributions.....	\$800,000	\$800,000	-----

AUTHORIZING LEGISLATION

For the purpose of making grants under section 16 to pay part of the cost of carrying out a program of research and study of the personnel practices and current and projected personnel needs in the field of correctional rehabilitation and of the availability and adequacy of the educational and training resources for persons in, or preparing to enter such field, including but not limited to the availability of educational opportunities for persons in, or preparing to enter, such field, the adequacy of the existing curriculum and teaching methods and practices involved in the preparation of persons to work in such field, the effectiveness of present methods of recruiting personnel for such field and the extent to which personnel in the field are utilized in the manner which makes the best use of their qualifications, there is authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of \$500,000 to be used for a grant or grants to help initiate the research and study provided for in this section; and the sum of \$800,000 for each of the two succeeding fiscal years for the making of such grants

as may be necessary to carry the research and study to completion. The terms of any such grant shall provide that the research and study shall be completed not later than three years from the date it is inaugurated; that the grantee shall file annual reports with the Secretary, the Congress, the Governor of the several States and the President, among others the grantee may select; and that the final report shall be similarly filed.

Correctional Rehabilitation Study Act of 1965

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Study of correctional manpower needs.....	-----	\$800,000	-----	\$800,000	-----	-----

The full authorization of \$800,000 is requested for FY 1968 to complete the program established by the Correctional Rehabilitation Study Act of 1965. The total \$800,000 is for grants for the research study and is the same as the amount requested for FY 1967. In addition, \$134,000 will also be contributed toward the cost of the study by the grantee in 1968.

Section 16 of the Vocational Rehabilitation Act (P.L. 89-333) provides for grants to pay part of the cost of conducting a three-year program of research and study of the personnel practices and current and projected personnel needs in the field of correctional rehabilitation. The program has the objective of substantially increasing the number of qualified personnel to staff workable and effective crime and delinquency programs. Implicit in this is the recognition that vocational rehabilitation is a force which can help direct the lives of public offenders into useful channels.

On April 1, 1966, a grant in the amount of \$500,000 was made to the Joint Commission on Correctional Manpower and Training to conduct the first year of study under the Act. The Joint Commission is a non-profit, non-governmental body composed of 90 national and regional organizations in the correctional field, plus member organizations from business, education, labor, industry, law, religion, minorities, etc. The action-research conducted by the Joint Commission involves the work of nine Task Forces, each of which focuses on a critical aspect of correctional manpower. These are as follows:

1. Prospects and perspectives in corrections.
2. The professions and corrections.
3. The emerging profession of the correctional generalist.
4. Administrative, research, and management personnel in corrections.
5. Utilization of volunteers and other special personnel in corrections.
6. Correctional institutions.
7. Community-based correctional programs.
8. In-service training, recruitment, and retention of personnel in corrections.
9. Strategies for community, State, interstate, and national action.

Basic data collection for the three-year study is being accomplished through the use of interview-schedules designed to elicit base line data in four areas as follows: (1) professional personnel in research and rehabilitation positions, (2) non-professional personnel, (3) administrative and management personnel, and (4) faculty teaching correctional or potential correctional personnel. As data are collected it is collated by the Joint Commission, tables are constructed, and information pertinent to the Task Force reports is identified and transmitted to the staff responsible for the specific Task Force reports.

Full meetings of the Joint Commission membership are held at least twice a year in order to inform the membership of progress to date, elicit guidance and direction for the Joint Commission staff, and encourage the members to interpret the program and stimulate constructive action within the agencies they represent.

In this final year of the study, the action-research will be completed, the findings of an opinion survey will be compiled, each Task Force will prepare its final report, and these reports will be integrated into a final Joint Commission report.

Miss SWITZER. Then the final item in this part of the appropriations is for the correctional rehabilitation study which was authorized, you will remember, in 1965. It is new, just about to start its second year and 1968 will be its final year.

We are asking for the full amount of the authorization. We just finished a meeting of the Council last week and I think we were quite satisfied with the way it is going.

I think part of the interest and part of the excitement in the field of rehabilitation of the public offender has grown out of first the educational process that resulted in the passage of this act, and then the questions and the interest pervading the whole correctional community as a result of it.

SALARIES AND EXPENSES

APPROPRIATION ESTIMATE

SALARIES AND EXPENSES

For expenses, not otherwise provided for, necessary for the Vocational Rehabilitation Administration, **[\$4,869,000]** \$5,621,000, together with not to exceed **[\$299,000]** \$336,000 to be transferred from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as provided in section 222(d) (5) of the Social Security Act, as amended.

Amounts available for obligation

	1967	1968
Appropriation.....	\$4,869,000	\$5,621,000
Transfer from OASI trust fund.....	299,000	336,000
Total.....	5,168,000	5,957,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Program services.....	110	\$1,566,500	126	\$1,824,900	+16	+\$258,400
Regional operations.....	82	987,300	91	1,125,000	+9	+137,700
Research and training.....	91	1,241,800	102	1,419,100	+11	+177,300
Executive direction and program coordination.....	29	459,700	32	508,100	+3	+48,400
Management services.....	69	613,700	78	743,900	+9	+130,200
Rehabilitation-disability insurance beneficiaries.....	31	299,000	31	336,000	-----	+37,000
Total obligations.....	412	5,168,000	460	5,957,000	+48	+789,000

Obligations by object

	1967 estimate	1968 estimate	Increase (+) or decrease (-)
Total number of permanent positions.....	412	460	+48
Full-time equivalent of all other positions.....	13	13	-----
Average number of all employees.....	366	422	+56
11 Personnel compensation:			
Permanent positions.....	\$3,755,000	\$4,285,100	+\$530,100
Positions other than permanent.....	144,900	144,900	-----
Special personal services payments.....	19,100	19,100	-----
Other personnel compensation.....	3,400	4,400	+1,000
Total personnel compensation.....	3,922,400	4,453,500	+531,100
12 Personnel benefits.....	276,900	319,900	+43,000
21 Travel and transportation of persons.....	259,900	338,600	+78,700
22 Transportation of things.....	5,700	8,000	+2,300
23 Rent, communications, and utilities.....	140,000	206,200	+66,200
24 Printing and reproduction.....	94,800	106,100	+11,300
25 Other services.....	255,500	296,100	+40,600
Services of other agencies.....	75,000	75,000	-----
26 Supplies and materials.....	48,000	54,700	+6,700
31 Equipment.....	89,800	98,900	+9,100
Total obligations by object.....	5,168,000	5,957,000	+789,000

Summary of changes

1967 enacted appropriation.....	\$4,869,000
Transfer from OASI trust fund.....	299,000
1967 total estimated obligations.....	5,168,000
1968 requested appropriation.....	5,621,000
Transfer from OASI trust fund.....	336,000
1968 estimated obligations.....	5,957,000
Total change.....	+789,000

	Base		Changes from base	
	Positions	Amount	Positions	Amount
INCREASES				
A. Built in:				
1. Annualization of new positions authorized in 1967.....				\$238,800
2. Payment to Civil Service Commission for Interagency Board of Examiners.....		\$3,100		2,000
Total mandatory increases.....				240,800
B. Program:				
1. Program services.....	110	1,565,500	16	237,500
2. Regional operations.....	82	987,300	9	87,600
3. Research and training.....	91	1,241,800	11	138,000
4. Executive direction and program coordination.....	29	459,700	3	40,600
5. Management services.....	69	610,600	9	89,800
Total program increases.....			48	593,500
DECREASES				
A. Nonrecurring items of equipment.....				-45,300
Total net changes requested.....			+48	+789,000

EXPLANATION OF CHANGES

Program increases

Program increases of \$593,500 and 48 new positions are requested for 1968 to provide funds and staff necessary to administer new or expanded programs authorized by the 1965 VRA Amendments and to meet the increased workload resulting from the continued growth of the Federal-State vocational rehabilitation service program, and the research, training and special research and training center programs. The increases are explained below for the following areas of activity.

1. *Program services.*—A program increase of \$237,500 is requested to provide for 16 new positions, 12 professional and 4 clerical. These new positions are required to provide the necessary staff to effectively carry out the new or expanded programs under the 1965 Amendments including the State Innovation grant program; the rehabilitation facilities and workshop construction program; the workshop improvement program; the training services grant program, the expansion grant program; and for additional staff necessary to administer the greatly expanded Grants to States program.

2. *Regional operations.*—A program increase of \$87,600 is requested for nine additional positions, five professional and four clerical. These additional positions, all in the regional offices, are required to work with the States in the administration of the new programs related to the provisions of the 1965 Amendments. Major workloads in the regional offices arising from implementation of the 1965 Amendments include construction of facilities and workshops under Section 12, Training Service grants under Section 13, Workshop Improvement Activities and the general expansion of grant programs for innovation projects, expansion grant projects and basic support programs all of which require a great amount of consultation and assistance by regional office personnel.

3. *Research and training.*—A program increase of \$138,000 is requested for 11 new positions, eight professional and three clerical, for this activity. Four of these positions are for the expanded training grant program and will provide professional staff to administer programs in specific areas of need such as social work, corrections, and facilities administration. Three additional positions will be assigned to the Intramural research program to provide needed assistance in getting this program, which was authorized in 1966, into operation. Of the four remaining positions three will be assigned to the research and demonstration grant program and one to the special research and training centers program to help meet the increased workload in these expanding areas.

4. *Executive direction and program coordination.*—A program increase of \$40,600 and 3 positions is requested for this activity. These positions will provide for an expanded information program and for assistance in the overall coordination and direction of VRA program activities.

5. *Management service.*—A program increase of \$89,800 and nine positions is requested for this activity in 1968. Of the nine new positions seven are professional and two clerical. Seven of the new positions are for statistical services to determine program accomplishments and progress and to provide additional staff to help organize and operate a national data center for the collection and dissemination of information about vocational rehabilitation. The remaining two positions will provide needed support in the areas of budget and fiscal operations to meet the increased workload generated by the expanding VRA program operations.

INTRODUCTION

An amount of \$5,621,000, together with not to exceed \$336,000 to be transferred from the OASI Trust funds, is requested for 1968 for 460 permanent positions.

Components of the \$789,000 increase are: \$593,500 for 48 positions and 36 man years, and \$195,500 net annualization costs for the 63 new positions authorized for part of the year in 1967.

The increase requested for 1968 will be used to strengthen further the new programs authorized by the 1965 Amendments to the VR Act and to meet the additional workloads resulting from the continued growth and expansion of on-going programs. Some of the programs authorized by the 1965 Amendments began operations in 1966, others did not begin until 1967. The full effect of these programs is now beginning to be felt. The new positions requested to work on these programs in 1968 may be summarized as follows: Administration of the basic support program of grants to States and additional support for the construction of rehabilitation workshops and facilities, 16 positions; increased staff

to meet the requirements for additional training programs, for enlargement of the intramural research program, and for strengthening research and demonstration and research and training center activities, 11 positions; additional staff for the regional offices to handle increased contacts with States and other public and non-profit organizations resulting from the new and expanded VRA programs, 9 positions; increased administrative staff (for agency budget and fiscal operations activities) and enlargement of the VRA data collection and dissemination activities to service the increased program staff mentioned above nine positions; and for executive direction and coordination, 3 positions.

The Salaries and Expenses appropriation is used to finance all VR administrative responsibilities including: grants to States for the basic support program; innovation projects; grants for providing additional and improved rehabilitation facilities and workshops through the construction grant program; workshop improvement grants, and training services grants; provision of services to the National Commission on Architectural Barriers; provision of technical and secretarial services to the National Policy and Performance Council organized to set up standards for workshop operations; developing a program of technical consultant services to workshops to improve their technical and administrative capabilities; administering a program of grants to public and nonprofit agencies to expand VR services to relatively neglected disability groups and lagging areas; cooperation with the Social Security Administration in the State agency operation of the disability determination program and administration of the newly authorized program for use of Trust funds by State agencies for the rehabilitation of disabled beneficiaries; and the research and training grant programs including the special center program and international research and training grant programs using foreign currencies.

Activity I—Program services

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	110	\$1, 168, 700	126	\$1, 329, 700	+16	+\$161, 000
Other expenses.....		397, 800		495, 200		+97, 400
Total.....	110	1, 566, 500	126	1, 824, 900	+16	+258, 400

The activity includes responsibility for planning, developing and establishing policies and standards covering State program services and administrative operations and for performing reviews of State Operations for conformity and program improvement. In addition, this activity includes developing and evaluating the rehabilitation facilities program and furnishing consultative services to regional staff, States and voluntary agencies in program, fiscal, accounting and other administrative areas.

This activity also includes coordinating the VRA program with the Social Security disability insurance program. It includes providing leadership in developing Federal-State programs for the blind, administering the Randolph-Sheppard Act vending stand program for the blind, and planning, promoting and developing services in certain disability areas, such as the deaf and hard of hearing, the mentally retarded, the mentally ill, heart disease, cancer, stroke, epilepsy, the aging and providing leadership and consultation in these areas. Also included are planning, developing and evaluating State training programs.

This activity also provides administrative staff for the following grant programs: the Basic Support program (Sec. 2); the Innovation Grant program; the Expansion Grant program; Construction Grant program for rehabilitation facilities and workshops; and the Workshop Improvement Grant program, including training service grants.

The current staff for this activity is 110. An increase of \$258,400 for 16 positions is requested for 1968. Of this increase \$20,900 is for net annualization costs of 9 positions authorized for part of the year in FY 1967, and \$237,500 is for 16 new positions and related expenses. The need for the additional positions is explained below.

State program administration

An additional 15 positions, 11 professional, are requested for this area of program services. The normal growth of the VRA programs and the additional activities authorized by the 1965 Amendments has greatly increased the workload relating to grants to States for rehabilitation services. This increased workload includes planning, developing and establishing policies and standards covering State program services and furnishing consultative services to regional staff, States and voluntary agencies.

Four of the additional 15 positions are needed to provide assistance in the planning, development, and implementation of program activities stemming from the 1965 Amendments. These positions will assist in the administration of the new provisions relating to determination of rehabilitation potential; review of economic need and other requirements; and for State innovation project grant programs.

Of the remaining eleven positions four are needed to provide technical assistance in the management of the State grant programs and for the preparation of regulations and other issuances providing program direction and policy guidance for administration of the programs; five positions will be used to provide specialists for programs dealing with the blind, two positions will provide assistance for the overall administration of the programs under the Program Services Activity.

Rehabilitation facilities and workshops

One position is requested in 1968 to provide assistance in the administration of the grants and related fiscal matters associated with the program of providing funds to organizations for the construction of rehabilitation facilities and workshops.

Activity II—Regional operations

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	82	\$876,200	91	\$984,800	+9	+\$108,600
Other expenses.....		111,100		140,200		+29,100
Total.....	82	987,300	91	1,125,000	+9	+137,700

This activity includes the regional staff and a small central office staff for coordination and direction of field activities. These staffs represent the VRA in all areas of program administration within the regions; make comprehensive evaluation of needs and resources in the States; and coordinate the operations of the nine regional offices and all policy and action requests to the regional offices from central office units. They also advise the Commissioner on trends and developments in Federal-State relationships.

The current staff for this activity is 82. An increase of \$137,700 is requested in 1968. Of this increase \$87,600 is for nine new positions and \$50,100 is for net annualization cost for new positions authorized for part of the year in 1967.

All of the nine new positions, five professional and four clerical requested for FY 1968 are for the regional offices. This increase will provide one additional position for each region.

The 1965 Amendments have greatly increased the work of the regional offices. These staff are the focal point for inquiries, consultation, provision of technical assistance and guidance, and similar activities related to the administration of all VRA programs at the State and local level. The administrative workload has grown to the point where additional staff is needed to free top regional personnel for more important program matters. To ease this situation one position is requested for each of the nine regional offices in 1968.

Activity III.—Research and training

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	91	\$1,034,400	102	\$1,173,900	+11	+\$139,500
Other expenses.....		207,400		245,200	-----	+37,800
Total.....	91	1,241,800	102	1,419,100	+11	+177,300

The staff in this activity is responsible for administering a nationwide program of grants to educational institutions and other public or voluntary non-profit organizations for a training program designed to increase the supply of professional rehabilitation personnel, and a research and demonstration program to discover and test new knowledge and techniques for rehabilitating the disabled; for providing financial assistance to individuals receiving training or conducting research in rehabilitation through traineeships and research fellowships; for furnishing consultation to educational institutions and other nonprofit organizations in planning, developing, and conducting research or training programs; for administering the special foreign currency research and training program; for the special research and training center program; and for an intramural research program designed to study areas of particular interest to the VRA.

This activity includes staff for the administration of the Research and Demonstration, Training and Traineeships, Special Center, Intramural Research, and International Research and Training programs and for the Correctional Rehabilitation Study Act. The current staffing for the activity is 91. An increase of \$177,300 is requested for 1968. The \$177,300 requested includes \$39,300 net annualization costs of positions new in 1967, and \$138,000 for 11 new positions. The need for the additional positions is explained below.

Training and traineeships

Teaching grants and traineeships are awarded in rehabilitation fields in which shortages of trained personnel are slowing the progress of the vocational rehabilitation program. Administration of the training and traineeships program includes responsibility for (1) developing and carrying out policies, standards, and procedures for use of grant funds by institutions and agencies participating in the program; (2) technical assistance to institutions in strengthening the rehabilitation aspects of their training programs through site visits and conferences; (3) processing grant applications, including analysis of the substantive content and the cost of proposals and maintenance of appropriate grant applications for the seven advisory panels and the carrying out of such follow-up activities as may be recommended by these groups; (4) assessing the program by review of grantee progress and fiscal reports and by site visits to institutions applying for or receiving grants; (5) maintaining liaison with a wide variety of professional associations, governmental agencies, and educational organizations to assure a maximum coordinated effort to attain a well balanced training program; and (6) evaluating the extent to which existing training programs are meeting the needs for trained personnel and identifying new and improved methods of training personnel for rehabilitation services.

Four additional positions, three professional, are requested for the training program in 1968. Two professional positions will serve as training consultant in specific areas of the training program such as for special education activities to improve the program content for teachers of handicapped children, for programs of rehabilitation facilities administration, for programs of administrative and supervisory development, social work, and projects concerned with rehabilitation of public offenders. One position will be concerned with reviewing and evaluating various aspects of the training grants program, analyzing data on trainees, enrollment, and projecting needs for future program activities. The remaining one position will provide administrative and clerical support for the professional staff requested above.

Intramural research

The intramural research program authorized under Section 7(c) of the amendments to the VR Act provides for the conduct directly or by contract by VRA of research, studies, investigations and demonstrations.

Three positions are requested for the intramural research program in FY 1968. These positions will augment the eight positions authorized for this program in 1967. Because this is a new program much work must be done before an effective research endeavor can be undertaken. The additional positions requested in 1968 will provide needed assistance in conducting preliminary investigations leading to the development of a planned intramural research program for VRA. This will include completion of work begun in 1967 on (a) studies to develop better techniques and instruments for predicting the rehabilitation potentials of certain disability groups, particularly the deaf, the blind, and certain other more severely disabled groups for whom the currently used instruments are inadequate; (b) studies of alternative methods for organizing the delivery of rehabilitative services in communities of different types and collaborative studies in which the VRA specialists will develop and coordinate a number of research projects in such areas as the rehabilitation of offenders and the rehabilitation of the younger disabled individual through cooperative projects developed with the schools; and (c) studies of the rehabilitated and non-rehabilitated disabled to help determine the factors that make for successful rehabilitation of the disabled.

Other program activity

Three positions are requested in 1968 for the research and demonstration program to serve as liaison and to provide coordination between government agencies, private organizations, and the professional community for the collection and dissemination of research and other technical information having a bearing on the programs administered by VRA. This will permit VRA to take advantage of accomplishments being made by others in the field of rehabilitation and those working in fields producing techniques and equipment having potential application in the field of rehabilitation, and to share with them the benefits of our own research activities.

One position is requested in 1968 for the special research and training center program. This position is needed to provide program leadership and direction in connection with the establishment of four new research and training centers in 1968.

Activity IV.—Executive direction and program coordination

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	29	\$388,600	32	\$425,900	+3	+\$37,300
Other expenses.....		71,100		82,200		+11,100
Total.....	29	459,700	32	508,100	+3	+48,400

This activity includes (1) the Office of the Commissioner; (2) the overall program coordination and analysis responsibilities; and (3) the publication and reports staff which is responsible for preparing interpretive materials on rehabilitation in the form of procedures, news releases, graphic exhibits, editing the VRA periodical "The Rehabilitation Record" and providing assistance to States in developing their information and public relations program.

The current staff of this activity is 29. An increase of three new positions and \$48,400 is requested for this activity in 1968. Of this increase, \$7,800 is for annualization of the new positions authorized for part of the year in 1967 and \$40,600 is for the new positions requested for 1968. The three positions will provide needed support for the immediate Office of the Commissioner to handle the increased administrative and clerical workload generated by the new and expanded VRA programs, and to strengthen the public information program.

Activity V.—Management services

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	69	\$498,500	78	\$598,800	+9	+\$100,300
Other expenses.....		115,200		145,100		+29,900
Total.....	69	613,700	78	743,900	+9	+130,200

This activity consists of general administrative, management, and statistical services performed in support of the operational programs and includes the newly authorized data center. Major areas of responsibility are: (1) budgetary formulation and execution; (2) recruitment, placement, classification, employment counseling, and internal training activities; (3) work methods and management improvement activities; (4) fiscal functions of accounting, auditing and reporting; (5) general services; (6) the operation of a comprehensive statistical analysis and reporting system to determine and evaluate the progress and effectiveness of the vocational rehabilitation program including (a) administering a system of statistical reports on workload data from State agencies, (b) assisting in the organization and operation of State statistical programs; and (c) making analysis and special studies on State agency workloads, the extent to which various disability groups are being served and other aspects of the rehabilitation program; and (7) the operation of the data information center which will be designed to develop improved data regarding rehabilitation activities.

The current staff for management services total 69. An increase of \$130,200 is requested for this activity for FY 1968. Of this increase \$40,400 is for net annualization costs for positions authorized for part of the year in 1967 and \$89,800 is for nine new positions in 1968. These additional positions are described below.

Data center and statistical services

The 1965 VR Amendments authorized the development of a National Information Service in rehabilitation. The key to this service is the development of improved data with regard to the operations of the State VR agencies, the activities of other rehabilitation agencies, detailed information on the rehabilitation services provided by workshops and rehabilitation facilities, more detailed information on research and training activities carried out both by VRA grantees and by other agencies and rapid dissemination of research findings to potential users and to the research community.

A total of seven new positions is requested for these programs in FY 1968. This would provide additional staff to work with the States in setting up their statistical programs to feed data into an automated central system. The data will be used for cost reduction activities, the new planning, programming, and budgeting system, and to provide basic support data for specific program activities such as those related to the construction of rehabilitation workshops and facilities which require a comprehensive reporting of current resources, needs and on-going activities. Additional support will also be provided for on-going programs designed to collect, analyze, and publish statistical data reflecting the accomplishments and progress of VRA's programs.

Administrative and statistical services

The additional increases in staff authorized in 1966 and 1967 to meet new program responsibilities and those requested for 1968 will require additional supporting services over and above those presently available. Two new positions are requested to meet the increased workload in the fiscal area and to provide assistance in the budgeting and administration of agency funds.

Activity VI.—Rehabilitation-disability insurance beneficiaries

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	31	\$232,900	31	\$260,300		+\$27,400
Other expenses.....		66,100		75,700		+9,600
Total.....	31	299,000	31	336,000		+37,000

This activity provides for the administration, in cooperation with the Social Security Administration, of the new program for use of Trust funds by State agencies for the rehabilitation of disabled beneficiaries.

The rehabilitation of the disabled worker beneficiaries and childhood disabled beneficiaries of the Social Security Trust Fund is a 100 percent Federally financed program in distinction to the regular jointly financed Federal-State program. The rehabilitation of these beneficiaries is done under the State plan for vocational rehabilitation but is circumscribed by separate regulations established by the Secretary with regard to eligibility, and the conditions under which the VR services are made available.

The current staff for this activity is 31. An increase of \$37,000 is requested for 1968 for net annualization costs of positions authorized for a part of the year in 1967.

New positions requested, fiscal year 1968

	Grade	Annual Salary
Program services:		
Administrative assistant.....	GS-14	\$15,106
Program analyst.....	GS-13	12,873
Rehabilitation adviser.....	GS-13	12,873
Management analyst.....	GS-13	12,873
Policy writer.....	GS-13	12,873
Consultant, mentally handicapped.....	GS-13	12,873
Consultant, neurological disability.....	GS-13	12,873
Training and placement specialist for the blind.....	GS-13	12,873
Grants management analyst.....	GS-13	12,873
Rehabilitation adviser.....	GS-12	10,927
Policy writer.....	GS-11	9,221
Clerk-stenographer (4).....	GS-5	21,324
Secretary.....	GS-5	5,331
Total (16).....		164,893
Regional operations:		
Assistant regional representative (5).....	GS-12	54,635
Secretary (4).....	GS-5	21,324
Total (9).....		75,959
Research and training:		
Chief, Information Dissemination Unit.....	GS-14	15,106
Research and training specialist.....	GS-14	15,106
Research specialist (2).....	GS-14	30,212
Training consultant (2).....	GS-13	25,746
Program analyst.....	GS-11	9,221
Do.....	GS-9	7,696
Secretary (3).....	GS-5	15,993
Total (11).....		119,080
Executive direction and program coordination:		
Program consultant.....	GS-13	12,873
Writer.....	GS-12	10,927
Audiovisual specialist.....	GS-12	10,927
Total (3).....		34,727
Management services:		
Statistician.....	GS-13	12,873
Do.....	GS-12	10,927
Systems analyst.....	GS-12	10,927
Statistician.....	GS-11	9,221
Budget analyst.....	GS-9	7,696
Accountant.....	GS-9	7,696
Statistician.....	GS-9	7,696
Secretary.....	GS-5	5,331
Clerk-typist.....	GS-5	5,331
Total (9).....		77,696
Total new positions, all activities (48).....		472,357

Miss SWITZER. Now for salaries and expenses.

Senator HILL. Are you interested in those?

Miss SWITZER. Yes; a little bit. We are very modest. When I heard the request of the Office of Education I felt, you won't mind mine at all.

INCREASE IN REQUEST

As you know, we do need people to help put our programs across. We are asking a total of \$5,957,000 which is an increase of \$789,000 for 1967. This provides for 48 additional positions and they are pretty well scattered throughout the organization. There is no mystery about them; we need further support in our regional offices as the Secretary has said which I am sure he will mention when he comes before you, to decentralize as much as possible.

NEED FOR MORE PEOPLE

We all feel this is desirable but this means you have to have more people in the field, of course.

And then, I think our new data information program is to the point where we can really make something out of that, and seven of the positions are for that.

We have need to underpin the different parts of the program under Mr. Hunt's Facilities Division and in the State grants and expansion grants programs and likewise in research and training.

We have to support the architectural barriers commission, on which you received a report. It is doing a wonderful job. It has almost another year to go. So as I say, I think that the positions speak for themselves. They are absolutely essential for us.

Our people—I don't think there is a group in any part of the Department, or the Government for that matter, that works any harder, that do any more different things.

Senator HILL. You set the pace, don't you?

Miss SWITZER. Well, perhaps. I say we can't afford the luxury of having 10 people doing the work of one. We don't have that luxury. It is more the other way around. So we do hope that you will give special consideration to this request because it is minimal.

I think, Mr. Chairman, that my opening statement is rather longer than usual, but our program is bigger than usual.

Senator HILL. A mighty good statement, though.

Miss SWITZER. Thank you.

Senator HILL. Mighty good.

Anything you gentlemen want to add?

Miss SWITZER. Anything you want to add?

Mr. PYLE. I can't think of anything.

Senator HILL. Well, as usual, you brought us a mighty good statement. We very, very much appreciate it and certainly want to thank you.

Miss SWITZER. You have certainly been most generous in your interest.

Senator HILL. When you have that meeting of the Council, let us know.

Miss SWITZER. Yes. Thank you very much. It has been a wonderful hearing as always.

Senator HILL. It has been mighty fine to have you here. We deeply appreciate it.

SUBCOMMITTEE RECESS

The committee will recess subject to call.

(Whereupon, at 12:20 p.m., Monday, March 20, 1967, the subcommittee recessed, to reconvene subject to the call of the Chair.)

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION,
AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1968

MONDAY, APRIL 3, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, New Senate Office Building, Hon. Lister Hill (chairman) presiding.

Present: Senators Hill and Stennis.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF THE SECRETARY

STATEMENT OF HON. JOHN W. GARDNER, SECRETARY, ACCOMPANIED BY RALPH K. HUITT, ASSISTANT SECRETARY, LEGISLATION; JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER; AND HENRY A. NEIL, DIRECTOR, BUDGET DIVISION

FUNDING

Senator HILL. The committee will kindly come to order.

I shall at the outset place in the record a table furnished the committee upon its request showing the proposed utilization of funds by objects for fiscal year 1968 and the use in fiscal year 1967.

(The table follows:)

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Obligations by objects, fiscal years 1967-68 (for items submitted to the Labor-HEW Appropriations Subcommittee)

Object class	Fiscal year 1967, ¹ obligations authorized from—		Fiscal year 1968, obligations authorized from—	
	Appropriated general funds ²	SSA trust funds	Appropriated general funds ²	SSA trust funds
Permanent positions.....	42,308	47,592	44,374	49,010
Full-time equivalent of all other positions.....	1,732	592	1,596	400
Average number of all employees.....	39,550	45,889	42,114	47,295
11 Personnel compensation.....	\$359,791,723	\$341,311,697	\$396,958,997	\$350,784,119
12 Personnel benefits.....	33,260,774	26,115,644	36,628,886	26,522,792
13 Benefits of former personnel.....	5,260,943		5,975,943	
21 Travel and transportation of persons.....	22,555,272	5,859,026	26,553,212	6,197,112
22 Transportation of things.....	4,452,510	2,077,538	5,094,360	1,729,117
23 Rent, communications, and utilities.....	14,841,497	37,613,028	17,369,384	40,368,501
24 Printing and reproduction.....	6,443,901	5,027,946	7,229,386	4,867,249
25 Other services.....	243,543,371	15,544,799	284,780,554	14,650,761
Services of other agencies.....	78,953,300	143,287,979	70,074,400	159,271,567
Project contracts.....	134,605,700		162,359,900	
26 Supplies and materials.....	37,015,219	5,116,963	40,646,589	5,418,525
31 Equipment.....	25,190,738	3,402,348	29,775,581	2,052,456
32 Lands and structures.....	32,534,654	19,834,440	66,447,016	33,158,235
33 Investments and loans.....	455,681,886		427,550,000	
41 Grants, subsidies, and contributions.....	10,729,604,595		11,322,936,667	
42 Insurance claims and indemnities.....	406,059,000	55,909	378,553,000	62,468
43 Interest and dividends.....	1,855,000		3,979,000	
91 Unvouchered.....	20,000		45,000	
92 Undistributed (contingency reserve).....	40,000	17,883,000	50,000	25,000,000
Subtotal.....	12,591,710,447	623,130,317	13,283,007,875	670,082,902
95 Deduct quarters and subsistence.....	-658,400		-660,400	
Total obligations by object.....	12,591,052,047	623,130,317	13,282,347,475	670,082,902

¹ Includes proposed supplemental estimates.² Includes budgeted reimbursements.

FULFILLMENT OF INDIVIDUAL POTENTIALS

Senator HILL. Mr. Secretary, we are very happy to have you here this morning. We appreciate your presence and the members of your staff with you. We would be happy to have you proceed now in your own way, sir.

Secretary GARDNER. Thank you very much, Mr. Chairman and members of the committee. It is a pleasure to appear before this committee to present the 1968 budget for the Department of Health, Education, and Welfare.

In his special message on education and health, President Johnson said:

I do not recommend more of the same—but more that is better: to solve old problems, to create new institutions, to fulfill the potential of each individual in our land.

This statement also applies to the President's budget recommendations for the Department of Health, Education, and Welfare.

SIMILARITY OF PROGRAMS

Before getting into specific programs, I would like to discuss with you some general characteristics of the Department's programs and how we administer them.

Despite the variety of the programs Congress has assigned to our Department, they share many common features. They are intended to

strengthen the individual—either by direct assistance through such programs as social security or indirectly by strengthening institutions that serve him, such as the university or the community hospital.

Another feature common to our programs is that they rely heavily on non-Federal institutions and State and local initiative. For example, when the objective was to provide medical care to the aged, Congress did not establish a national hospital system for old people.

Rather, an insurance program was authorized to provide the aged with the means to purchase medical care from the existing hospital and health services system. This arrangement helps the aged and—because it sets high medical standards and covers the full cost of care—will, we believe, strengthen the Nation's private health services system.

The research programs of the National Institutes of Health rely far more on universities and private research institutions than on direct Federal research activities. The Federal program of aid to elementary and secondary education depends entirely on the initiative of States and local school districts. This theme of interdependence runs through everything that we do.

CREATIVE FEDERALISM

Federal programs have utilized non-Federal institutions for a long time. The nature and magnitude of the programs we are now engaged in make it imperative that we strengthen these relationships. President Johnson has called this endeavor "Creative federalism."

Senator HILL. I suppose you attended the conference with the Governors; didn't you?

Secretary GARDNER. I certainly did; yes, sir.

Senator HILL. It was most important that you be there I think.

Secretary GARDNER. I had a good discussion with them.

Senator HILL. Good.

Secretary GARDNER. In our Department we are doing everything possible to bring about a more effective working relationship with State and local government. For example, the "Partnership for Health" authorized by Congress last year is designed to strengthen State health planning and administration, and to provide the State with greater flexibility and opportunity for initiative than it has had in the past. A mutual dependence forms the basis for this partnership.

The Federal Government depends on State health departments to realize national goals. At the same time, State health departments depend on the Federal Government to help them achieve State and local goals.

Similarly, grants to strengthen State departments of education were authorized by the Elementary and Secondary Education Act. Legislation already submitted to the 90th Congress would broaden this assistance by authorizing comprehensive State educational planning.

MANAGEMENT IMPROVEMENT

In recent years, the Department has made a number of efforts to modernize its administrative machinery. Three operating agencies, the Social Security Administration, the Office of Education, and the Public Health Service have been thoroughly reorganized to improve program operations as well as to accommodate new responsibilities.

DECENTRALIZATION

Secretary GARDNER. One aspect of reorganization is directly related to creative federalism—namely, a move toward decentralization. For example, in order to administer the partnership for health program, much of the responsibility for review and approval of plans and grants will be delegated to the regional health director, thus bringing decisionmaking closer to the scene of operations. This approach will be extended to other health programs.

The Office of Education is establishing a field organization to bring its programs into a closer working relationship with school districts and State departments of education. Extending this approach to the Department as a whole, we are placing more responsibility and authority with the HEW regional directors.

PROGRAM PLANNING AND COORDINATION

In recent years, greater attention has been paid to coordination because the problems to be solved cut across agency lines. For example, effective administration of the health insurance program involves the Welfare Administration and the Public Health Service, as well as the Social Security Administration.

Senator HILL. You have a team of three, haven't you?

Secretary GARDNER. Oh, yes.

Senator HILL. I came up on the plane last night with the State health officer of Alabama. I thought he was coming to Washington to confer with the Public Health Service. No; he was going to Baltimore to confer with the Social Security Administration.

Secretary GARDNER. Everything in that program heads up in Baltimore.

Senator HILL. That's right.

Secretary GARDNER. Our newest effort at improving coordination is the Center for Community Planning recently established in the Office of the Secretary. The main function of the Center will be to coordinate the Department's programs which affect urban areas. We now administer many such programs but they have lacked a point of focus. This has created problems for the cities and has made departmental administration and evaluation more difficult.

The new Center will develop goals for the Department's urban programs, coordinate research and demonstration activities, and work with other departments, particularly the Department of Housing and Urban Development.

Last year we had our first experience with the new planning, programming and budgeting system. This system permits programs and their interrelationships to be analyzed, and permits alternative program proposals to be tested against costs and measureable benefits. We are improving our ability to use this new tool. It will play a major role in evaluating our current programs and developing new proposals.

CIVIL RIGHTS

I would like to mention one more topic of general significance for the Department—title VI of the Civil Rights Act of 1964. This title prohibits discrimination in federally assisted programs and, consequently, has a broad impact on our Department.

When the issue of noncompliance arises, our objective is to work with States and institutions to help them come into compliance. In this way we seek to avoid the kind of confrontation that leaves the Government no choice but to invoke the sanctions required by the act.

Senator HILL. In other words, you try to bring about a consensus.

Secretary GARDNER. We try very hard to keep these vital organizations in business. Last year much of our civil rights effort was to assist hospitals and nursing homes qualify for participation in medicare. Private agencies such as the American Hospital Association and the American Nursing Home Association cooperated in the effort.

As a result, more than 95 percent of all hospitals and 96 percent of all nursing homes are officially committed to providing services without discrimination.

There has also been progress with southern school districts. The percentage of Negro children attending desegregated schools in the 11 Southern States rose from 6 percent during the previous school year to 12.5 percent during the current year. Nearly half the school districts in the South have made a start on the desegregation of faculty.

TITLE VI REGULATIONS

Despite this progress, our work is far from finished. Title VI regulations, as approved by the President, require on-site visits to verify assurances of compliance. Although assurances have been received from all agencies and institutions receiving assistance, we have not had the manpower to visit more than a fraction.

Our budget for 1968 requests additional resources to carry out our responsibilities under title VI. Most of the new positions we are requesting are for working with States and other grant recipients to facilitate their compliance with the law. We want to administer the law with the greatest possible fairness to all concerned, and it is hard to accomplish that without enough people to do the job right.

We are now operating successfully under the central financial management established by last year's appropriation act. The development and coordination of overall policy is firmly in the hands of my special assistant for civil rights. All legal enforcement procedures have been centralized in the Office of the General Counsel.

NEGOTIATIONS AND ASSISTANCE

However, I continue to place primary responsibility for negotiation and assistance with the heads of the operating agencies. This organizational arrangement has proved to be effective. I believe that it will continue to be effective in the future.

EDUCATION

During the course of these hearings, all of our programs will be carefully examined. Right now I would like to review some of our major programs and discuss with you some of the issues involved in them.

Our national goal in education is to create a system that provides opportunity for every individual to develop his talents fully. We have a long way to go before achieving that goal. Huge disparities exist

among schools and colleges in various parts of the country and often within the same State.

Economic, cultural, and ethnic factors still count heavily for or against an individual's opportunity to realize his full potential.

The Department's role is to work with the States and the educational community to strengthen this country's system of education and expand individual opportunity. The great legislation of the 88th and 89th Congresses opens the way for us to attack the Nation's educational problems. The budget we are presenting here today provides resources which will lead us to their ultimate solution.

PRIMARY AND SECONDARY EDUCATION

The Elementary and Secondary Education Act has provided some remarkable new tools for improving the Nation's school system. This law calls for innovation and challenges the States and local communities to find solutions to their own problems.

Title I is particularly designed to aid the disadvantaged schoolchild. This year over 70 percent of the 25,000 eligible school districts will participate in the program and over 9 million underprivileged children will be benefited. More than 19,000 individual projects will get underway during the year.

Typically these projects have supported improvements in the teacher-pupil ratio, provided books and instructional equipment in impoverished schools, and permitted school districts to hire teacher aids.

Despite the promise that this program holds, we are proposing that it be funded at about half the amount authorized for 1968. We are recommending this course of action for two reasons.

First, with the strains imposed by the war in Vietnam, spending the full authorization would tend to aggravate inflationary pressures in our economy. Besides causing general economic problems, such inflation would mean that the country would be buying less educational improvement for each Federal dollar invested.

Second, and more important, there is considerable doubt that our existing educational system can efficiently utilize such a large infusion of money. At this time, one essential element in the strengthening of the Nation's educational system is building up its capacity to absorb new ideas and methods. This capacity cannot be created overnight.

Senator HILL. Mr. Secretary, while you speak of education, on Thursday I visited a school for the mentally retarded. When I say "mentally retarded" I mean children who are not educable. They are only trainable. It breaks your heart to go to one of those schools. You cannot help but be impressed by the fact that we have too few of these schools and have had too few in the past.

Are we making headway and getting more of them?

Secretary GARDNER. Yes, indeed; we are. This is a field that I have been familiar with for 25 or 30 years and to me the progress in the past half dozen years is just revolutionary.

Senator HILL. Revolutionary.

Secretary GARDNER. And now there is the sense of hope that wasn't there before, and the vitality of research in this field. The tone of these institutions has changed remarkably. We will come to that later in this statement.

Senator HILL. All right.

Secretary GARDNER. For these two reasons we chose not to move forward as fast as the legislative authorization would have permitted. However, we are moving forward. The \$1.2 billion we are requesting will buy a substantial amount of educational improvement in 1968.

Furthermore, the impact of this assistance will be augmented by the supplementary educational centers and services available under title III of the act. These permit school districts to strengthen the regular school curriculum and develop innovative approaches to solving educational problems.

Other programs are directed toward augmenting library resources and improving the counseling of students. This budget will provide the resources to make 1968 a year of progress for the Nation's elementary and secondary schools.

SPECIALIZED ASSISTANCE PROGRAMS

Besides general assistance to States and school districts, we administer a number of programs directed toward special educational problems. One of the most important of these is vocational education. The young men and women now in school must be given the skills that will allow them to compete in the modern world.

The Department helps the States improve their vocational educational programs by hiring more teachers, buying specialized equipment, offering new courses, and renovating facilities. The schools must keep up with technological advances.

The program of adult basic education also has a vocational purpose. Jobs for the illiterate are being automated out of existence. In 1968, this program will reach 400,000 people, 50,000 of whom will be participating in experimental projects designed to develop new approaches to teaching illiterate adults.

Last year's elementary and secondary education amendments gave renewed emphasis to developing improved educational programs for the handicapped at the preschool, elementary, and secondary school levels. Planning for these programs will begin this year, and in 1968 we will hope to bring improved educational programs to approximately 100,000 handicapped children.

TEACHER CORPS

One of the most promising approaches to helping the deprived schoolchild is the Teacher Corps. The major obstacle to educating deprived children is getting an adequate supply of talented concerned teachers to work in poverty areas.

Through the Teacher Corps, these schools can make use of teams of experienced teachers and teaching interns who are well prepared and eager to teach in these deprived areas.

Today, over 1,200 Teacher Corps members are working in local schools. School districts requested more than twice this number. The corps has been successful in attracting young people into teaching and in bringing former teachers out of retirement. The program has also proved attractive to Peace Corps members returning from their tours of duty. The Teacher Corps has attracted talented people who might not otherwise have joined the teaching profession.

The key to the effectiveness of the Teacher Corps is that it embodies one of our country's most important values: the desire to help other people. The Teacher Corps provides a method for translating such personal idealism into concrete action.

One useful side effect of the Teacher Corps and I must say, one that we had not anticipated, is that it is having a beneficial influence on teacher training practices. The teacher interns are enrolled in college education courses while they are teaching in deprived school districts. Thus they are able to bring their rapidly growing experience into the college classroom. Schools of education are coming to see the advantages in providing trainees with more extensive field experience.

Some critics have charged that the Teacher Corps would lead to Federal control. Others have argued that the objectives of the Corps can be achieved through other existing programs. Some have charged that the program favors large cities and ignores rural areas.

On the question of Federal domination, it is true that the recruitment and training is arranged by the Office of Education, but that is where the Federal initiative stops. After that, the corps member works in the local school district as a local employee. His salary is fixed by the district. And since the local authority hired him, they have the right to fire him.

Senator HILL. In other words, he is an employee of the local school district.

Secretary GARDNER. From start to finish; yes, sir. He is subject to all the rules and regulations that apply to his fellow teachers. He receives his special training at a nearby university—another tie to the community. In addition, under a provision in last year's Appropriation Act, part of the cost of the program is borne by the local school district.

As for the charge that the objectives of the Teacher Corps can be met through other programs, I would like to point out that the corps is the only teacher training program in existence today that is specially tailored to meet the needs of the underprivileged. It does this by making it possible for local school districts to draw upon a national pool of teachers and teaching interns. It would be very difficult for most economically disadvantaged areas to attract the kind of teachers who have joined the Teacher Corps. The Corps offers the flexibility and effectiveness of national recruitment without impairing local autonomy.

In addition, one of the best things that these young people bring to their jobs is enthusiasm and high morale, and there is no question that those qualities are heightened and preserved by membership in a nationally known Corps.

Finally, on the question of whether the Teacher Corps assists only large cities, I would like to make it clear that a significant portion of the program is directed toward impoverished rural areas. Of the school districts already involved, over 25 percent are in rural areas.

The large number of membership applications, the significant interest shown by school districts across the country, and the magnitude of the problem of teaching the disadvantaged lead us to propose an expansion of the Teacher Corps, both in 1967 and 1968. I am convinced that this program is worthy of increased support from Congress.

Senator HILL. How much money would you want this year over what you had for the present fiscal year?

Secretary GARDNER. We are asking for \$36 million.

Mr. NEIL. \$36 million.

Senator HILL. And what was your figure for this present fiscal year?

Mr. KELLY. \$7.5 million was appropriated and we have a pending supplemental for \$12.5 million.

Senator HILL. You have a supplemental request.

Mr. KELLY. Yes, sir.

Senator HILL. Then for the 1968 fiscal year you are asking for \$36 million.

Mr. KELLY. Yes, sir.

Secretary GARDNER. In other words, from \$20 million to \$36 million.

STRENGTHENING STATE ADMINISTRATION

Most of the programs I have mentioned up to now depend heavily on State departments of education. Strengthening of the State administrative and planning structure is crucial to the Federal-State partnership in education. At present most of these State departments are not equipped to play their role in the upgrading education system.

In addition to funds for State administrative expenses included in the various educational assistance programs, we are requesting funds to support planning, research, statistical analysis, and technical assistance at the State level. These efforts will be expanded and better organized as a result of the new legislation I mentioned earlier to authorize comprehensive State educational planning.

HIGHER EDUCATION

Higher education today faces a very difficult future. We need to improve the overall quality of higher education and greatly increase the capacity of the system. These are problems that we must face today. If we neglect them many talented children will have to settle for a second-rate college education, and some may find it hard to gain entry at all.

DEVELOPING INSTITUTIONS

Many colleges in America do not have the resources to provide a high-quality academic program. Typically these are former teachers' colleges or underdeveloped southern Negro colleges. These schools are struggling to improve. They are the so-called developing institutions.

Title III of the Higher Education Act provides a special assistance program to accelerate their development. It encourages these colleges to establish cooperative relationships with each other or with stronger institutions such as universities or private research institutions.

It also supports teacher exchanges, fellowships, and sharing of facilities. Continued support for this program is essential to making a high-quality education generally available to the young people of America.

INTERNATIONAL EDUCATION

If the United States is to continue its position of world leadership, we must have the knowledge and trained manpower to work effectively with other countries. The International Education Act of 1966 author-

ized a program to strengthen the capacity of our schools and colleges to do this job in the Nation's interest.

In order to coordinate our programs in international education, we are establishing in our Department a Center for Educational Cooperation in the Office of the Secretary. The Center will administer the new programs established by the International Education Act, as well as previously established programs of the Department dealing with international education. It will serve as a focal point for strengthening the international programs of our own schools and colleges.

INSTITUTIONAL DEALINGS WITH INTERNATIONAL AFFAIRS

Senator HILL. For the sake of the record give us briefly just a picture of what you are doing and proposing to do in your international education.

Secretary GARDNER. Under the act?

Senator HILL. Under the act, that's right.

Secretary GARDNER. Yes, sir. Do you want me to do this verbally, or put it into the record?

Senator HILL. Just do it verbally. Briefly sum up.

Secretary GARDNER. The International Education Act was established to permit the strengthening of the institutions in this country in their dealings with international affairs—the colleges and universities, secondary schools, graduate schools, and so forth.

It is an interesting fact that in all of our international dealings the colleges and universities have traditionally played a very, very important role. They have trained people for the foreign service. They have provided the technical assistance on which the Agency for International Development leans so heavily. They are hosts to the foreign students that come to this country, and a good deal of these activities they have carried on at a very considerable financial sacrifice to themselves and it is very difficult for them in this time of very great stress on them to carry on programs which are essentially in the national interest and not in the particular interest of any one institution.

Shall I continue with the statement?

Senator HILL. Yes, you go ahead. Of course we live in a whole new world today, isn't that right?

Secretary GARDNER. Yes, sir.

1968 FUNDING

Mr. KELLY. The figures that are associated, Mr. Chairman, with our 1968 request in this area are \$5,950,000 for grants for undergraduate programs in international studies and \$13 million for grants for the Center for Advanced International Studies. We are asking for \$1,775,000 for the Center for Educational Cooperation, including the administration of these programs, \$100,000 for the National Advisory Committee on International Studies, and we are also proposing to administer under the Center for Educational Cooperation the language and area study programs that have heretofore been in the Office of Education, and they amount to about \$15,700,000 and are continued at that level.

Senator HILL. What would your total increase be?

Mr. KELLY. The total would be \$36,525,000 in 1968 and that would compare with about \$16 million in 1967.

Senator HILL. In 1967.

Mr. KELLY. There is a pending supplemental of about \$350,000 to initiate the new law.

STATE DEPARTMENT EXPENDITURES ON INTERNATIONAL EDUCATION

Senator HILL. How much is the State Department spending in this international education?

Secretary GARDNER. I can't honestly tell you. I think it is in the neighborhood of \$40 million; is it not?

Senator HILL. According to the figures I have before me in last year's bill it is about \$48,500,000.

Secretary GARDNER. Over \$40 million and does that include the East-West Center?

Senator HILL. No, it does not, I don't think.

NONUTILIZATION OF STATE DEPARTMENT AND AID FUNDS TO STRENGTHEN U.S. INSTITUTIONS

Secretary GARDNER. A very important feature of this, Mr. Chairman, is that the large sums of money spent by the State Department and AID are not designed to strengthen our institutions. I worked with the State Department and with AID as a consultant for many years and I tried repeatedly to emphasize the necessity of strengthening our own institutions to perform effectively in this field if we were going to live in this kind of world.

Senator HILL. This new world.

Secretary GARDNER. That is right. But it is very difficult for agencies whose outlook is toward the rest of the world to focus on our own colleges and universities. Frank Keppel, when he was Commissioner of Education, was the first one who said that it should be a distinctive emphasis of HEW to focus on our own institutions and try to give them the strength that they needed.

This is the kind of thing that an institution such as the University of Alabama and Frank Rose needs so much if they are to continue doing the job that they are trying to do and wanting to do.

Shall I continue?

Senator HILL. Yes. Go ahead, Mr. Secretary.

UNIVERSITY-BASED CENTERS FOR INTERNATIONAL STUDY

Secretary GARDNER. The 1968 budget for international education will support university-based centers for international study. Both existing and new centers at the undergraduate and graduate level will be assisted. Colleges and universities may apply for grants to improve curriculum, to enlarge and improve the quality of faculty, and to finance special projects having international significance.

We should emphasize, Mr. Chairman, that this assistance will not be confined to language instruction or to studies of a given area of the world. We also plan to support programs that train the university graduate to recognize the international dimensions of his profession.

For example, the education afforded a business administration major should not be confined to domestic trade practices. It should also prepare him to operate in the broader field of world commerce. The more

the college graduate knows about other parts of the world, the better prepared he will be to pursue his own profession and further the interests of his country.

GRANTS AND LOANS FOR BETTER INSTITUTION FACILITIES

To meet the basic need for new and better facilities—classrooms, libraries, and laboratories—we administer both grant and loan programs. In 1968, the grant program will support 250 additional projects. A new approach to financing this loan program will be taken in 1968. Part of the loan funds will be derived from the participation pool operated by the Federal National Mortgage Association.

PARTICIPATION SALES AND INTEREST RATE

Under this arrangement, loan notes from the borrowing universities and colleges are placed in a pool, or trust, and shares in this pool are sold on the private capital market. The proceeds of these sales are in turn used to finance new loans. The use of participation sales is a method of stretching the Federal investment in higher education.

Senator HILL. What would be the average interest rate on these?

Mr. KELLY. About 5 percent.

Senator HILL. About 5 percent.

Mr. KELLY. Yes sir.

Senator HILL. I suppose that might be raised in the future.

Mr. KELLY. Yes. It depends on the market.

TEACHER DEVELOPMENT AND UTILIZATION

Secretary GARDNER. The really essential element in the educational system is the teacher.

Senator HILL. You remind me of what Ralph Waldo Emerson said: "An institution is the length and shadow of an individual." And that classroom is largely what that teacher makes it; is that right?

Secretary GARDNER. It certainly is. I recall, Mr. Chairman, that you quoted that to me one day not long ago when you wanted to see something accomplished in the Department which I said might be difficult.

Senator HILL. What I was thinking of was you as the individual.

Secretary GARDNER. Sophisticated equipment and new buildings are important, but will fail in their purpose if well-trained teachers are not available to use them properly. Congress has authorized a variety of approaches to help schools and colleges attract and train the necessary teachers.

FORGIVENESS FEATURE OF STUDENT LOAN PROGRAM

One of these is the forgiveness feature of the student loan program whereby teachers can be relieved of paying up to 50 percent of the money they borrow for their college education.

EXPERIENCED TEACHER FELLOWSHIP PROGRAM

Another is the fellowship program for prospective and experienced teachers. In 1968, 4,000 fellowships for elementary and secondary school teachers and 17,000 for future college teachers will be awarded.

SHORT-TERM TRAINING INSTITUTES

In addition, the Department also supports short-term training institutes for teachers, supervisors, and counselors. Legislation recommended by the President would consolidate these programs and provide new authority to include school administrators and teacher aides in the training assistance program.

STUDENT ASSISTANCE PROGRAMS

For the Nation's educational system to be effective, it must be accessible to every qualified student. The Department administers a number of loan and grant programs to remove financial barriers to an education. The 1968 budget request will provide loans for 1.2 million college students and 113,000 vocational students, educational opportunity grants for 285,000 undergraduates, and work-study opportunities for 226,000 college students.

EDUCATIONAL RESEARCH

We as a nation are currently making a very small investment in educational research. This investment seems even smaller when compared to the large investments made by industry in product research and development—or when compared to the investment made by the Government and the scientific community in research in the biological and physical sciences.

Technology has brought radical changes to almost every field of human endeavor. Advances in communications techniques have been dramatic. Yet, their application to education lags far behind other fields.

EDUCATIONAL TELEVISION

Senator HILL. For the sake of the record give us an illustration of one of these communications techniques.

Secretary GARDNER. I think the most striking example is educational television which has been an inadequately exploited potentiality for 15 years. It is astonishing how slowly we have moved to bring to bear these new techniques in actual educational practice, in ways that we know are effective, and one of the reasons is we don't have the tradition or the instrumentalities for research and development in this kind of field.

ELEMENTARY AND SECONDARY EDUCATION

We want to make sound decisions about aid to elementary and secondary education. We want to make wise choices about the future of higher education. Mr. Chairman, we cannot hope to do so unless we establish a better funded and better organized research and development effort.

It is through such an effort that the educational system may assess its strengths and shortcomings and move on to new solutions. Such an effort will produce information and models to guide school systems and the public in their own steps toward educational improvements.

PROGRAM IMPETUS AND INCENTIVES

Recent education legislation, increased Federal resources, and an awakening of industry have provided a new impetus for educational research and development. This program offers incentives to attract the individual researcher into study of the learning and teaching processes. It builds on the traditional concept of university-based research and at the same time provides new mechanisms designed to involve school systems, the community, and other disciplines and interests.

PROGRAM PRIORITY

Mr. Chairman, among our many priorities for education I would rank support of educational research at the very top. I believe our goal should be to extend educational research to a point where it compares favorably to that of science and industry. Our 1968 budget of slightly less than \$100 million is but a step toward this goal.

Senator HILL. What was that estimate?

Mr. KELLY. \$99,900,000.

Senator HILL. In other words, practically no increase this year?

Mr. KELLY. \$91,050,000 is the 1967 appropriation.

Senator HILL. For this year. All right, sir.

SYSTEM OF HEALTH SERVICES

Secretary GARDNER. Let me now turn to our programs in the health field. We have done very well in advancing medical science, and we intend to continue and broaden our support of biomedical research. But we haven't done well in making the advances available to all Americans. Indeed, a good many are almost untouched by these advances.

We need to train more health manpower, we need to develop new patterns of professional utilization so that we will make the best use of scarce manpower; we need to find new ways to deliver health services—so that we can get health care to the disadvantaged, so that people far from the great medical centers can have the most modern care, so that we make the best use of expensive facilities and equipment.

Senator HILL. Do you think this is one of our most compelling needs?

Secretary GARDNER. No question about it, Mr. Chairman.

REGIONAL MEDICAL PROGRAMS

Several recent health measures are directed toward these problems. One of the most innovative is the legislation which authorized regional medical programs for heart disease, cancer, and stroke. Its purpose is to make the most modern techniques in diagnosis and therapy available outside the great medical centers in which they originated.

To this end, it seeks to bring together people and organizations who have worked together only sporadically or not at all in the past. These include the practicing physicians, the community hospitals, voluntary agencies, State and local health departments, and university medical centers.

AWARDING OF FIRST OPERATIONAL GRANTS

The program is still in its early stages. The planning process, which crosses so many traditional lines and which involves the medical resources of an entire region, takes time. The first operational grants were awarded just last month.

MEDICAL SCHOOL AND PRACTITIONER COMMUNICATIONS

Where a great wall once separated the medical school from the practitioners in the community, a constructive dialog has begun. Both the universities and the medical profession are exploring ways of bringing the latest medical knowledge to physicians who have been out of school a long time. Methods of improving the delivery of health services through such means as the adaption of electronic computers to the practice of medicine are being actively developed.

Senator HILL. We still have a long way to go to develop this program; haven't we?

Secretary GARDNER. Yes, indeed. You are referring to the regional medical program?

Senator HILL. That is right.

Secretary GARDNER. Yes. This is a long and difficult task and involves a great deal of innovation along the way.

COMPREHENSIVE HEALTH PLANNING AND SERVICES

Another promising innovation in the health field is the partnership-for-health legislation, enacted last year by the 89th Congress. It represents a major step to strengthen the Federal-State-local health structure. It will enable States and communities to approach their own health needs more rationally, to set their own priorities, and to devise new patterns for the delivery for health services. It replaces restraint with flexibility and narrowness with comprehensiveness.

PROGRAM KEY ELEMENTS

As I see it, the key elements of the new approach are:

Comprehensive planning as the foundation for a rational and effective use of all health resources;

Flexibility to put the kinds and amounts of resources where the States and communities think they are most needed;

Development to identify and provide initial support for new approaches to disease control, new sources of health manpower; and

State and local discretion to determine priorities, rather than having to fit within nationally determined areas of emphasis.

HEALTH MANPOWER

While we are moving toward improved systems for the delivery of health service, we are also seeking ways to produce the trained health manpower we so urgently need. An important part of the budget before you will be channeled in this direction.

GRANT PROGRAMS

There are a large number of grant programs aimed at the health manpower problem in the various health professions. These programs

not only support the training of personnel requiring advanced degrees, but help to produce more nurses, medical technologists, medical social workers, and related personnel.

Senator HILL. You recall a year ago last fall, I think it was, we had the White House Conference on Health. I think pretty much the burden of that Conference was to produce more of the very people you have just spoken of.

Secretary GARDNER. Yes, sir; and it was very effective in alerting the profession generally to this problem.

Senator HILL. To this need.

Secretary GARDNER. Mr. Chairman, these programs fall into four main categories:

Support for construction of facilities for medical, dental, nursing, and other schools;

Curriculum improvements in these schools;

Student assistance through loans, opportunity grants, and traineeships; and

Studies and demonstrations of ways to make the time of the doctor, the dentist, and the nurse more productive.

All of these efforts will be further strengthened by the 1968 budget. Their focal point is the newly created Bureau of Health Manpower of the Public Health Service.

HEALTH SERVICE FACILITIES

We have, as a nation, for some time recognized a Federal role in assisting in the creation of physical facilities for health care. The Hill-Burton hospital construction program is now in its 21st distinguished year.

Senator HILL. You mean it is now an adult?

Secretary GARDNER. Yes, sir, but still needs its father. Since its beginning, it has been repeatedly expanded and modified to meet changing needs. We are now furnishing substantial amounts of money, matched by local and private contributions, to the construction of new hospitals, nursing homes, and other extended care facilities, and to the expansion and modernization of existing ones.

FACILITIES FOR TREATMENT OF MENTALLY RETARDED

Among the more recent additions to our construction assistance programs are two types of facilities for the treatment of the mentally retarded—those which are community centered, and those which are university-affiliated teaching centers.

COMMUNITY HEALTH CENTERS

We are also moving forward with the construction and staffing of community mental health centers—a new departure in treatment of the mentally ill which shifts away from reliance on the large and isolated State mental hospital. State plans for community mental health programs are now well advanced.

Senator HILL. I think you will agree we need to go forward with staffing funds for the mentally retarded.

Secretary GARDNER. Yes, sir. Construction grants for 93 mental health centers have already been awarded. Fifty-four existing centers

have received staffing assistance. The benefits of this program are already becoming evident in communities across the country.

Senator HILL. There has been quite a change, hasn't there?

Secretary GARDNER. Very striking, very striking, indeed, and in my own view this is a field that is going to have to continue to expand over the years ahead.

Senator HILL. Yes.

HEALTH RESEARCH

Secretary GARDNER. Undergirding all our efforts in health is a broad base of biomedical research. Our 1968 request for the research programs of the National Institutes of Health and the National Institute of Mental Health is \$1.3 billion—an increase of about 4 percent over last year.

This budget will support about 14,500 separate research projects, conducted mainly by American scientists.

RESEARCH WORKER TRAINING

It will help support the training of about 26,000 research workers at various stages in their careers. And it will help increase our knowledge of life and health, from the mechanisms of heredity to the perfection of the artificial heart and the artificial kidney.

We think that this substantial investment in health research is a sound one which must continue.

AREAS OF SPECIAL CONCERN

In summary, then, our efforts to strengthen the national system for health services are directed toward—

Organization and planning;

Manpower;

Facilities; and

Research.

HEALTH RESEARCH FACILITY CONSTRUCTION PROGRAM DECREASE

Senator HILL. While you speak of facilities, we appropriated for the present fiscal year some \$56 million for construction of health research facilities. I note that your budget for 1968 is a reduction of \$21 million; only \$35 million.

Mr. KELLY. That is correct, Mr. Chairman. There are two aspects to it. One is the expiring legislative authority for the construction of certain of the facilities for the mentally retarded.

The other aspect of it is that, as you know, this year we have slowed up the start of construction projects so that we will not start all of the projects that you authorized. The actual number of starts in fiscal year 1968 will be greater than the number that occur in 1967. It will still be below the authorization substantially.

Senator HILL. But you have the authorization all right.

Mr. KELLY. That is correct. The authorization for the research facilities themselves exclusive of the mentally retarded which is included in this figure is \$100 million.

Senator HILL. \$100 million that you have authorization for.

Mr. KELLY. For which we could request appropriation.

Senator HILL. Which you could request.

Mr. KELLY. Yes.

Senator HILL. You request only \$35 million.

Mr. KELLY. That is correct.

Senator HILL. How much did the Department request? We might start with NIH. How much did they request?

BUDGET REQUEST HISTORY

Mr. KELLY. The Public Health Service requested of the Department \$115 million and the Department requested of the Budget Bureau \$100 million, but because of the overall fiscal constraints that were placed throughout the budget, and particularly on the development of new capital improvements, the budget was held to \$35 million.

Senator HILL. They cut you down to \$35 million.

Mr. KELLY. Yes, sir.

UNBUDGETED APPROVED PROJECTS

Senator HILL. Is it correct that you have 61 projects now approved, approved as of last June and unpaid at the close of the last fiscal year, totaling some \$61 million?

Mr. KELLY. I don't know the exact figures, but I would certainly assume that to be correct. The experience of the program has been that we have consistently had a much larger number of approvable projects than we have had funds to support.

Senator HILL. These projects are matching projects.

Mr. KELLY. Yes, sir, 50-50.

Senator HILL. Fifty-fifty. The institution matches the 50 percent put up by the Federal Government; is that right?

Mr. KELLY. Yes; that is correct.

SPECIAL PROBLEMS OF NATIONAL SIGNIFICANCE

Secretary GARDNER. Mr. Chairman, we also carry the responsibility for dealing with a number of special problems of national significance, such as air pollution, and for providing assistance to special population groups whose needs require attention. Among the latter are the disabled, the aging, and the Nation's children. I would like to highlight these areas briefly.

AIR POLLUTION

I suppose that no one on this committee or anyone else who spends much time in Washington needs to be persuaded of the extent or seriousness of the air pollution problem.

Senator HILL. You mean all you have to do is ride up Constitution Avenue and Pennsylvania Avenue in the morning as we have to do. I came up this morning. I know exactly what you are speaking of.

Secretary GARDNER. The Clean Air Amendments of 1966 make it clear that its solution has a high national priority. Our 1968 budget contemplates making full use of the legislative authority we now have. The budget will permit a general expansion of the air pollution program with particular emphasis on grants to State and local control agencies, enforcement of current Federal standards for motor vehicles,

and development of better methods to control automotive emissions and sulfur oxides from fossil fuels.

FOOD AND DRUG CONSUMER PROTECTION

Another priority area is the consumer protection program of the Food and Drug Administration. This agency has an enormous responsibility and a strong mandate from Congress to guard the public against contamination, fraud, impurity and hazards in the products on which our lives depend.

One of its important activities in 1968 will be implementation of the new truth-in-packaging legislation.

Senator HILL. In that connection, I read an article the other day which interested me very much. As you know, we are using antibiotics in the raising of our chickens these days. We no longer get a chicken that tastes like one did when you and I were boys, and the question is what effect these antibiotics in these chickens is having on the human body.

Have you given that any thought?

Secretary GARDNER. Yes; this is the kind of thing that is of deep concern.

Senator HILL. You agree a chicken today doesn't taste like a chicken used to when you and I were boys? I admit they are larger as a rule. But I am just wondering.

Senator GARDNER. The Food and Drug Administration also plans to step up its review of new drug applications, to increase the surveillance of drug manufacturers, to intensify the program to control illicit traffic in drugs, and to conduct a long-range study of the safety of oral contraceptives.

PROGRAMS FOR SPECIAL GROUPS

I have already briefly mentioned special programs directed toward treatment of the mentally ill and mentally retarded, as well as education of the handicapped. Our Indian health program is not considered by this subcommittee. There are, however, several other program areas aimed at special groups which seem to me to deserve attention.

VOCATIONAL REHABILITATION

Vocational rehabilitation is a well-established Federal-State program which takes seriously disabled people and gives them whatever is necessary in the way of therapy and training to put them back on the job.

Our budget request for 1968 will enable us to expand this program; to train more people in rehabilitation counseling, occupational and physical therapy, and related disciplines; and to match all available State funds under the authorization for the basic grant program.

With this increase, we expect to rehabilitate a record number of 218,500 people next year. Our experience has shown that the people helped under this program repay in taxes alone many times over the money invested in their own rehabilitation.

DISADVANTAGED CHILDREN

We estimate that in low-income areas, six out of every 10 children with chronic health problems are not receiving any treatment. Infant

mortality rates are alarmingly high in these areas. The Social Security Amendments of 1965 authorized grants for comprehensive health care for school and preschool children living in city and rural slums. We hope to expand this program during the coming year to reach about a million and a half children.

Senator HILL. Do you have sufficient funds in the budget to do that?

Secretary GARDNER. I believe so; yes, sir. Under the other Children's Bureau programs, 2 million infants will attend well-baby clinics and 400,000 mothers will receive prenatal care, including many who risk premature delivery.

The medical assistance program authorized by title XIX of the social security amendments is also helping to meet the medical expenses of needy children and their families. The title XIX program requires the States to draw up comprehensive health plans and to determine which families are eligible for assistance.

By July 1, 1967, medical services must include inpatient and outpatient hospital care, laboratory and X-ray services, physicians' services, and nursing-home care for those over 21.

By the start of this year, 28 State plans had been approved. We expect that 48 States will be participating by the end of fiscal year 1968. We are requesting legislation to encourage the States to improve their program and to insure that Federal sharing will be equitable.

I think we can expect within a few years to see comprehensive services for all the needy replacing piecemeal programs for special groups such as the blind and the aged.

PROGRAMS FOR BLIND WHO ARE MENTALLY RETARDED

Senator HILL. Speaking about the blind and aging, I spoke about visiting a school for the mentally retarded. The head of that school was telling me there was no program, especially none in our State, for the blind who are also mentally retarded.

What about that?

Secretary GARDNER. I believe there are a good many such programs around the country.

Senator HILL. There are? You think there are a good many?

Secretary GARDNER. Yes. Would you add to that?

Mr. KELLY. No; I can't. I just recall one that was discussed the other day which dealt with the blind who were also deaf, but I don't really know.

Senator HILL. The blind who are also mentally retarded, you don't know about. Check that for us, Mr. Kelly, and give us a statement for the record, will you please?

Mr. KELLY. I will, indeed, sir.

(The information follows:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE PROGRAMS PROVIDING AID TO MULTIHANDICAPPED AND BLIND INDIVIDUALS

Office of Education

Research and Demonstration

Library Services and Construction

Educational Improvement for the Handicapped

Public Health Service

Hospital Improvement Program

Mental Retardation Facilities and Community Mental Health Center Construction Act

Vocational Rehabilitation Administration

Welfare Administration

Public Assistance Program

American Printing House for the Blind

THE AGING

Secretary GARDNER. Today, we are beginning to see older people as people—with special needs and problems but with the same aspirations as the rest of us. And we are taking a number of steps to meet their aspirations. Medicare and social security are the most prominent programs, and I want to return to those in a moment.

But we are also looking broadly at other needs of the aged—housing, recreation, opportunity to work and to learn, and their need to participate in the life of society.

Through the Administration on Aging, grants are available to the States to support a variety of community services for older people. To be eligible for these grants, State agencies must come up with a comprehensive plan to meet the needs of their older citizens. Forty-four State plans have been approved thus far. We expect that all 55 eligible jurisdictions will be operating under approved plans by the end of 1968.

SOCIAL INSURANCE AND INCOME MAINTENANCE

As you know, we are responsible for two types of programs to help Americans maintain a decent standard of living—social insurance and welfare programs of income maintenance.

MEDICARE

One of the most significant developments in our three decades of social security took effect last year when 19 million older people became eligible for medicare benefits. The preparation for this program was a huge administrative job. Many people feared that hospitals would be swamped with patients and paperwork.

But the fears proved to be groundless, thanks to extensive preparations and the active cooperation of hospitals, doctors, insurance carriers, and State agencies, and responsible use of these benefits by the older people themselves.

Some 6,700 hospitals—including 98 percent of the Nation's hospital beds—are participating in the program. Medicare is helping to upgrade the quality of care in these institutions, not only for older people but for everyone.

Extended care benefits went into effect on January 1, again with dispatch and efficiency. Some 3,700 extended-care facilities have been certified to participate in medicare.

More than 2.6 million older Americans have had their hospital bills paid by medicare. Over 90 percent have chosen supplementary medical insurance and between 4 and 5 million have received physician's services.

SOCIAL SECURITY

The social security program is our basic method for replacing the income a worker or his family loses when he retires, becomes disabled, or dies. Twenty-three million Americans rely on it for their major source of support. Yet under the present benefit levels, more than 5 million aged beneficiaries still live in poverty. A substantial increase is essential.

We are proposing an increase of at least 15 percent for all persons, with an increase of the minimum benefit from \$44 to \$70. Other improvements are also being requested. These increases would be financed by raising both the social security tax rate and the earnings base.

PUBLIC ASSISTANCE

While social security benefits are based on earnings, public assistance is provided on the basis of current income. The Federal Government matches State and local contributions.

There are four categories of public assistance: old-age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to dependent children.

Although aid to families with dependent children is the best known of these programs, it will account for less than half of the cash payments estimated for 1968. Until 1967, in fact, more money was spent for old-age assistance.

The total Federal contribution for public assistance will increase in 1968. Within the total, however, there will be a continuing shift in balance.

Senator HILL. What do you think that total will be, Mr. Secretary?

Secretary GARDNER. The total for 1968?

Senator HILL. Yes.

Secretary GARDNER. Do you have that figure?

Mr. KELLY. \$2,748 million is the cash assistance, exclusive of the medicare benefits.

Senator HILL. Exclusive of medicare.

Mr. KELLY. Yes, sir.

Senator HILL. What was the total for this present fiscal year?

Mr. KELLY. \$2,656 million.

Secretary GARDNER. As social security is broadened, fewer people will need old-age assistance. Aid to the blind is also decreasing because blindness today is less prevalent. On the other hand, more people will receive assistance under the programs of aid to the disabled and to families with dependent children.

This is due partly to population growth, partly to the fact that the States are adopting more liberal eligibility standards, and partly to a marked increase in the number of aid to families with dependent children cases. This means that more people who need assistance will get it.

The average monthly payment for each person who receives aid to families with dependent children will be about \$36. A family of four would receive about \$1,700 over the course of the year.

Senator HILL. That isn't much money with prices like they are today.

Secretary GARDNER. That isn't very much.

Senator HILL. Because these prices have gone up, up, up, up.

Secretary GARDNER. That is right. This is little more than half the generally accepted poverty level of \$3,000 a year. Seen in this light, welfare payments are hardly extravagant.

BUDGET REQUEST

Mr. Chairman, in this statement I have just touched on the highlights of the Department's major programs. To reach the objectives which I have outlined, we are requesting appropriations totaling \$13.3 billion, including \$179 million to carry out new legislation recommended by the President. This is an increase of \$1 billion over our budget for the current year. I hope that the committee will give this budget very careful consideration. I strongly urge your support of it.

I shall be happy to answer any questions which you or other members of the committee may have.

Senator HILL. Anything you would like to add, Mr. Kelly?

Mr. KELLY. No, sir.

Senator HILL. You have been coming before the committee a good many years.

Mr. KELLY. Yes, I have, sir.

Senator HILL. Anything you would like to add, Mr. Huitt?

Mr. HUITT. No, sir.

Senator HILL. How about you, Mr. Neil?

Mr. NEIL. No, sir.

Senator HILL. Mr. Secretary, we certainly want to thank you, sir.

Secretary GARDNER. Thank you, sir. I am grateful for the opportunity.

Senator HILL. You always bring us a most interesting and informative statement. We certainly appreciate it very, very much. Thank you, sir. Thank you.

Secretary GARDNER. You are very kind, Mr. Chairman.

Senator HILL. At this point in the hearing I shall place in the record a tabulation, prepared at the request of this committee, showing the history of 1968 estimates.

(The table follows:)

Nonstaff costs:		
Scientific equipment.....		220,000
Drug analysis research contracts.....		140,000
Power files.....		100,000
Scientific meetings and workshops.....		105,000
Data automation equipment rental.....		105,000
Training for inspectors and analysts.....		275,000
Transportation of household goods.....		140,000
Executive direction and administrative support.....	(153)	(4,175,900)
Staff and related costs:		
Planning and budgeting.....	2	20,000
General services.....	58	551,100
Management systems.....	76	760,000
Personnel management and training.....	17	170,000
Nonstaff costs:		
Consultant contracts.....		278,000
Purchase of computer software.....		1,000,000
Purchase of other software.....		600,000
Establishment of an FDA technical training institute.....		725,000
Total, HEW reduction.....	636	14,021,000
BUREAU OF THE BUDGET REDUCTION		
Medical evaluation.....	(214)	(3,085,300)
Staff and related costs:		
New drug evaluation.....	59	545,600
Surveillance of marketed drugs.....	54	549,500
Liaison and career development.....	10	149,300
Clinical studies research.....	24	431,200
Monitor adverse reactions effort.....	23	230,000
Regulatory and legal support.....	8	73,000
Surveillance of advertising.....	3	400,000
Licensing of establishments.....	7	55,000
Surveillance of devices.....	4	50,000
Administrative support.....	24	199,700
Nonstaff costs:		
Adverse reaction contracts.....		260,000
Printing drug bulletins.....		50,000
Equipment rental for automation of drug evaluation.....		105,000
Pre-1962 drug efficacy review contract.....		315,000
Scientific research and evaluation.....	(241)	(3,210,100)
Staff and related costs:		
Food research.....	85	1,060,100
Food standards evaluation and regulatory support.....	35	357,300
Drug research.....	23	287,300
Laboratory services.....	27	140,900
Pesticides research.....	25	300,100
Pesticides evaluation and regulatory support.....	11	116,000
Cosmetics and hazardous substances research and surveillance.....	9	101,400
Administrative support.....	26	267,000
Nonstaff costs:		
Research contracts.....		400,000
Research equipment.....		180,000

* Includes proposed supplementals.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued
History of 1968 Estimates—Continued

Appropriation	1967 appropriation ¹	1968				Explanation of difference	Positions	Amount
		Estimate to Department	Department estimate to Budget Bureau	President's budget	Department reduction from agency request	Budget Bureau reduction from department submission		
	(a)	(b)	(c)	(d)	(e)	(f)		
Food and Drug Administration—Continued								
Salaries and expenses—Continued								
						BUREAU OF THE BUDGET REDUCTION—continued		
						Education and voluntary compliance.....	(2)	(\$239,900)
						Staff and related costs: Industry information program.....	2	20,000
						Nonstaff costs: Consumer education movies, filmscripts, literature, leaflets, and brochures.....		219,900
						Regulatory compliance.....	(458)	(5,485,100)
						Staff and related costs:		
						Inspection of drug manufacturers and processors.....	249	2,563,500
						Analysis of drug abuse control samples.....	33	342,100
						Inspection of imports.....	117	1,065,600
						Inspection of manufacturers and processors of drugs, cosmetics, and hazardous substances.....	17	39,300
						Liaison with State regulatory agencies.....	3	33,300
						Administrative support.....	49	653,300
						Nonstaff costs:		
						Scientific equipment.....		228,000
						State assistance contract program.....		510,000
						Travel for State trainees.....		50,000
						Drug abuse control.....	(200)	(2,373,200)
						Staff and related costs:		
						Drug production records accountability investigations.....	101	939,800
						Criminal investigations.....	60	558,000
						Illegal drug counterfeiting investigations.....	7	65,000
						Research studies and statistics.....	2	19,000
						Overseas investigations.....	5	58,000
						Administrative support.....	30	273,500
						Nonstaff costs:		
						Equipment rental and other investigative expenses.....		155,400
						Informers fees.....		10,000
						Transportation of household goods.....		62,000
						Purchase of samples.....		119,500
						Cover service investigations.....		107,000
						Executive director and administrative support.....	(55)	(1,115,400)
						Staff and related costs:		
						Planning and budgeting.....	5	34,100
						General services.....	19	190,000
						Management systems.....	7	70,000

School assistance in federally affected areas.	439,137,000	470,900,000	466,200,000	439,137,000	10,709,000	27,063,000	<p>Loans to nonprofit private schools: Reduces by 10 the number of loans estimated to be approved and decreases the average amount of loans from \$250 to \$200,000.</p> <p>Requesting agencies for State administration.</p> <p>Library resources: Reduces the per pupil assistance from \$2.80 to about \$2.</p> <p>Teacher training institutes: Reduces the number of NDEA title XI institute participants by 15,000.</p> <p>Total, Bureau of the Budget reduction-----</p>	500,000
							<p>DEPARTMENT REDUCTION</p>	
							<p>Maintenance and operations: Payments to local educational agencies reduced to 1967 level.</p> <p>Construction: Assistance to local educational agencies reduced.</p> <p>Total, Department reduction-----</p>	500,000
							1,023,912,000	45,000,000
National Teacher Corps-----	120,000,000	50,000,000	46,000,000	38,000,000	4,000,000	10,000,000	<p>BUREAU OF BUDGET REDUCTION</p> <p>Construction: Assistance to local educational agencies reduced to 1967 level.</p> <p>DEPARTMENT REDUCTION</p> <p>Eliminates continuation costs for Corps members who were to be added in 1967, but increases the number of new Corps members from 3,000 to 5,000.</p> <p>BUREAU OF THE BUDGET REDUCTION</p> <p>Reduction of 2,566 in number of new Corps members-----</p>	4,000,000
							<p>DEPARTMENT REDUCTION</p>	
							10,000,000	
Higher educational activities -----	\$1,177,251,000	\$1,082,750,000	\$1,503,350,000	\$1,173,194,000	\$89,400,000	\$420,156,000	<p>Developing institutions: Number of cooperative arrangements reduced 345, and number of national teaching fellowships reduced by 50 to 750.</p> <p>Undergraduate instructional equipment: Number of television equipment grants reduced from 330 to 259 and other equipment projects reduced from 2,400 to 1,400.</p> <p>Construction: Public community college construction projects reduced from 239 to 220.</p> <p>Other undergraduate facilities construction projects reduced from 1,000 to 750.</p> <p>Tencher programs: Reduction in new elementary and secondary teacher fellowships from 14,700 to 10,000.</p> <p>Work-study programs: Allows only 17,875 of the additional 41,000 jobs proposed.</p> <p>Total, Department reduction-----</p>	5,000,000
							<p>DEPARTMENT REDUCTION</p>	
							22,500,000	
							<p>DEPARTMENT ADDITION</p> <p>National defense loans: Increase raises number of students added from 425,000 and \$153,000,000 to 450,000 and \$195,400,000; and increases average loan from \$510 to \$585 per student. The number of students added is increased from 1,000 to 1,200, and the number of education contributions, cash collections, and prior year carryover.</p>	4,400,000
							15,600,000	
							39,000,000	
							48,300,000	
							134,800,000	
								+45,400,000

See footnotes at the end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

Appropriation	1967 appropriation ^{1 2}	1968			Department reduction from agency request	Budget Bureau reduction from Department submission	Explanation of difference	Amount
		Estimate to Department	Department estimate to Budget Bureau	President's budget				
	(a)	(b)	(c)	(d)	(e)	(f)		
Office of Education—Con. Higher educational activities—Con.							BUREAU OF THE BUDGET REDUCTION Developing institutions: Reduction decreases the proposed number of institutions from 1,000 to 800 and decreases national teaching fellowships proposed from 750 to 500. Undergraduate instructional equipment: Reduction decreases the number of institutions from 1,000 to 800 and decreases other equipment from 1,600 to 800. Construction: Reduction in public community college construction projects from 220 to 198. Reduction in graduate facilities program decreases number from 1,000 to 800. Reduction in other undergraduate facilities program from 785 projects to 675. Reduction in technical services program to 1967 level. Teacher programs: Reduction in elementary and secondary teacher fellowship program from 10,000 new fellowships to 3,215. College teacher fellowships: Eliminates 1,162 fellowships. Institutes in use of equipment: Reduction in program to 2,500,000. Student aid: Reduction in educational opportunity grants program provides for continuation costs for 164,000 recipients and reduces new grants from 145,000 to 121,000. Research and development grants: Reduction from 450,000 to 437,000. Maintains 1967 program level. Insured loan program reduced by eliminating advances for reserve funds and decreasing interest payments from \$94,166,000 to \$40,000,000. The number of insured payments are reduced from 2,367,000 to 750,000. Work-study program participants reduced from 236,000 to 215,000 for the winter and spring terms and from 270,000 to 226,000 for the summer and fall terms. Total, Bureau of the Budget reduction:-----	\$20,000,000 33,000,000 18,100,000 40,000,000 81,900,000 51,256,000 5,500,000 10,700,000 2,500,000 24,400,000 5,000,000 96,100,000 31,700,000 420,156,000
Expansion and improvement of vocational education.	\$268,016,000	\$516,091,000	\$275,591,000	\$259,900,000	\$240,500,000	\$15,691,000	DEPARTMENT REDUCTION Reduction in vocational education programs allows only 50,000 of a proposed 1,200,000 additional vocational students and maintains vocational school construction at approximately the 1967 level. Vocational teacher program reduced to 1967 level of 35,000 participants. Total, Department reduction:-----	215,500,000 25,000,000 240,500,000

Libraries and community services.	146,950,000	275,020,000	252,020,000	165,950,000	23,000,000	86,070,000	BUREAU OF THE BUDGET REDUCTION	Vocational education programs reduced to approximately the same level as fiscal year 1967.	3,191,000
							Reduction in teacher education programs to be absorbed by OEO Neighborhood Youth Corps.	10,000,000	
							Insured loans program cut to eliminate advances for reserve funds and request for direct loans.	2,500,000	
							Total, Bureau of the Budget reduction-----	15,691,000	
							DEPARTMENT REDUCTION		
							Library training: Reduction maintains 1967 level of graduate fellowships.	3,000,000	
							University community service programs: Reduces estimated number of projects from 2,500 to 1,500.	20,000,000	
							Total Department reduction-----	23,000,000	
							BUREAU OF THE BUDGET REDUCTION		
							Library services:	5,000,000	
Educational improvement for the handicapped.	137,900,000	108,000,000	101,000,000	53,400,000	7,000,000	47,600,000	BUREAU OF THE BUDGET REDUCTION	Reduction in number of librarians to be employed from 1,100 to 1,050; reduces the number of bookmobiles to be purchased from 150 to 115; and reduces the number of books to be purchased by 500,000 to 400,000.	2,625,000
							Reduction in interlibrary cooperation program allows cooperative projects to be less comprehensive than planned.	4,060,000	
							Reduction in specialized State library services program reduces the number of books to be purchased and personnel to be trained to work with the physically handicapped by about 1/5.	17,815,000	
							Construction of public libraries: Reduction in library construction projects from 100 to 75.	25,000,000	
							College library resources: Reduces the number of grants from 5,850 to 3,150.	3,770,000	
							Library of Congress: Reduction in cataloging allows somewhat reduced acquisition of materials.	13,500,000	
							University community service programs: Reduces number of projects from 1,500 to 1,000.	14,300,000	
							Adult basic education: Results in a cut of over 150,000 participants in regular school programs.	86,070,000	
							Total Bureau of the Budget reduction-----		
							DEPARTMENT REDUCTION		
Reduction in teacher education programs reduces by 400 the total number of individuals trained in full-year and summer programs.	1,000,000								
Reduction in research and demonstration projects from 340 to 250.	6,000,000								
Total Department reduction-----	7,000,000								
BUREAU OF THE BUDGET REDUCTION									
Reduction in preschool and school programs reduces number of handicapped children to be helped from 330,000 to 100,000.	35,000,000								

See footnotes at the end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued
HISTORY OF 1968 ESTIMATES—Continued

Appropriation	1967 appropriation ^{1,2}	1968			Department reduction from agency request	Budget Bureau reduction from President's submission	Explanation of difference	Amount
		Estimate to Department	Department estimate to Budget Bureau	President's budget				
(a)	(a)	(b)	(c)	(d)	(e)	(f)		
Office of Education—Con. Educational improvement for the handicapped—Con.							BUREAU OF BUDGET REDUCTION—continued	
							Reduction in teacher education reduces by 4,770 the total number of individuals trained in full-year and summer programs.	\$9,500,000
							Reduction in research and demonstration projects from 250 to 225.	900,000
							Reduction in captioned films program to 1967 level-----	2,200,000
							Total Bureau of the Budget reduction-----	47,600,000
Research and training-----							DEPARTMENT REDUCTION	
	\$91,050,000	\$298,500,000	\$199,100,000	\$99,900,000	\$99,400,000	\$99,200,000	Reduction provides lower level of increase for 20 existing educational laboratories and 9 existing research and development centers.	33,000,000
							Reduction in laboratories construction program because of lower student enrollment.	2,400,000
							Project research: Reduction in general education research allows for smaller expansion of the program.	25,000,000
							Reduction in demonstration and development activities allows for 20 percent the planned expansion in curriculum development, research and development, and demonstration institutions and programs.	34,000,000
							Reduction in training activities reduces the number of awards and trainees by about 25 percent.	5,000,000
							Total, Department reduction-----	99,400,000
							BUREAU OF THE BUDGET REDUCTION	
							Reduction in operations of educational laboratories and centers allows a slight expansion over the 1967 level.	16,900,000
							Reduction in construction of educational laboratories allows for expansion due to policy of not supporting major construction of laboratories until operational at least 1 year.	27,600,000
							Project research: Reduction in general education research allows some expansion.	2,500,000
							Development and development program maintained at 1967 level.	33,000,000
							Reduction of vocational education research activities to 1966 level.	5,400,000

Educational research and training (special foreign currency pro- gram).	1,000,000	4,600,000	4,600,000	4,600,000	4,000,000		Training of research related personnel maintained at approximately 1967 level.	13,000,000
							Demonstration activities reduced to 1967 funding level.	800,000
Salaries and expenses.	32,836,000	62,082,000	47,236,000	40,253,000	14,846,000	6,983,000	Total, Bureau of the Budget reduction.	99,200,000
DEPARTMENT REDUCTION								
							Office of the Commissioner.....	72,000
							National Center for Educational Statistics.....	1,818,000
							Office of Field Services.....	1,737,000
							Administrative and contractual services.....	315,000
							Bureau of Elementary and Secondary Education.....	4,115,000
							Bureau of Vocational and Technical Education.....	4,425,000
							Bureau of Higher Education.....	3,375,000
							Bureau of Research.....	1,989,000
							Total, Department reduction.....	14,846,000
BUREAU OF THE BUDGET REDUCTION								
							Office of the Commissioner.....	150,000
							National Center for Educational Statistics.....	540,000
							Office of Field Services.....	+2,772,500
							Administrative and contractual services.....	180,000
							Bureau of Elementary and Secondary Education.....	1,090,000
							Bureau of Vocational and Technical Education.....	1,410,000
							Bureau of Higher Education.....	740,000
							Bureau of Research.....	690,000
							Subtotal.....	1,127,500
							Studies and statistics.....	2,364,800
							Adjustment in 1967 base due to reductions in appro- priation act.....	3,490,700
							Total, BOB reduction.....	6,983,000
DEPARTMENT REDUCTION								
							Lending level reduced by \$100,000,000. Department al- located funds made available in 1968 to be financed from 100,000 Loans in 1968 to be financed from \$100,000,000 carryover of appropriated funds from 1967 (reducing 1967 level from \$300,000,000 to \$200,000,000) and \$100,000,000 in new obligatory authority.	200,000,000
BUREAU OF THE BUDGET REDUCTION								
							Reduction of \$100,000,000 in new obligatory authority is offset by increase in funds from participation sales.	

See footnotes at end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued
History of 1968 Estimates—Continued

Appropriation	1967 appropriation ¹ (a)	1968				Department reduction from agency request (e)	Budget Bureau reduction from Department submission (f)	Explanation of difference	Amount
		Estimate to Department (b)	Department Budget Bureau (c)	President's budget (d)					
Office of Education—Con. Loan funds from participation sales and unobligated balance.	(\$100,000,000)	(\$100,000,000)	(800,000,000)	(\$200,000,000)			(+\$100,000,000)	BUREAU OF THE BUDGET REDUCTION Increase of \$100,000,000 in participation sales offsets comparable reduction in request for new obligational authority. Total lending level for 1968 maintained at \$200,000,000, same as Department allowance and 1967 program level.	(+\$100,000,000)
Total loan level.....	(300,000,000)	(300,000,000)	(200,000,000)	(200,000,000)		(\$100,000,000)			
Interest subsidization, new obligational authority.	659,000	3,200,000	3,200,000	2,625,000			575,000	BUREAU OF THE BUDGET REDUCTION Reduction of \$575,000 for participation sales insufficiencies (principal interest subsidization) reflects more recent estimate of requirements.	575,000

¹ Includes proposed supplemental.

² The 1967 appropriations have been adjusted to reflect comparability with the 1968 estimates which are on a new appropriation basis.

³ Includes proposed pay supplemental.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued
HISTORY OF 1968 ESTIMATES—Continued

Appropriation	1967 appropriation ¹ (a)	1968			Department reduction from agency request (e)	Budget Bureau reduction from submission (f)	Explanation of difference	Amount
		Estimate to Department (b)	Department Budget Bureau (c)	President's Budget (d)				
Vocational Rehabilitation Administration Grants for rehabilitation services and facilities.	\$259,060,000	\$338,000,000	\$324,000,000	\$311,550,000	\$14,000,000	\$12,450,000	DEPARTMENT REDUCTION Vocational Rehabilitation Services: Reduced basic support program for matching State funds.	\$14,000,000
							BUREAU OF BUDGET REDUCTION	
							Innovation in rehabilitation services	
							Construction of facilities and workshops	
							Expansion of vocational rehabilitation services	
							Workshop improvement activities	1,800,000
								5,150,000
								1,500,000
								4,000,000
							Total, Bureau of Budget reduction	12,450,000
Research and training.	60,325,000	80,984,000	76,228,000	65,434,000	4,756,000	10,744,000	DEPARTMENT REDUCTION Research: Did not allow request of 104 new research projects.	4,756,000
							Training: Reduced request by 256 short-term traineeships.	
							DEPARTMENT INCREASE	
							Provides for national study of rehabilitation needs.	
							Total, Department reduction	+50,000
							BUREAU OF BUDGET REDUCTION	4,756,000
							Research: Reduced by 60 newly requested research projects.	2,728,000
							Training: Reduced request of 165 long-term teaching staffs; 638 long-term traineeships.	7,216,000
							Special centers: Reduced request by 4 new centers, 1 medical, 1 neuropsychiatric, 1 blind, and 1 epileptic.	700,000
							International research (domestic support)	100,000
							Total, Bureau of Budget reduction	10,744,000
Research and training (special foreign exchange program). Correctional rehabilitation study.	3,000,000	5,000,000	5,000,000	5,000,000				
	800,000	800,000	800,000	800,000				

See footnotes at the end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

History of 1968 Estimates—Continued

Appropriation	1967 appropriation ¹ (a)	1968				Department re- duction from agency request (e)	Budget Bureau reduction from submission (f)	Explanation of difference	Amount
		Estimate to Department (b)	Department estimate to Budget Bureau (c)	President's budget (d)					
Salaries and expenses.....	\$4,869,000 (299,000)	\$6,683,000 (336,000)	\$6,558,000 (336,000)	\$5,621,000 (336,000)	\$105,000	\$937,000		DEPARTMENT REDUCTION Reduced request for 8 new positions and related costs; 5 positions and \$65,000 from program services, 3 positions and \$40,000 from research and training.	\$105,000
Transfer from trust funds.....								BUREAU OF BUDGET REDUCTION Reduced request for 46 new positions (14 from program services, 9 from regional operations, 11 from research and training, 13 from the Data Information Center, and 9 from executive direction and program coordination) and related costs of \$487,000. Other reductions include \$50,000 for technical assistance to workshops, \$100,000 for data processing expenses of the Data Information Center, and \$60,000 for the Intramural Research Program.	937,000
Total, Vocational Rehabilitation administration.....	328,054,000	431,447,000	412,886,000	388,455,000	18,861,000	24,131,000		Total reduction.....	1,042,000

¹ Includes proposed supplementals.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

Appropriation	1967 appropriation ¹ (a)	1968			Department reduction from agency request	Budget Bureau reduction from Department submission	Explanation of difference	Positions	Amount
		Estimate to Department	Department estimate to Budget Bureau	President's budget (d)					
		(b)	(c)	(d)					
Public Health Service									
Health manpower.....	\$300,746,000	\$437,210,000	\$435,810,000	\$273,413,000	\$1,400,000	\$62,397,000			
Dental manpower and environmental control.....	181,237,000	270,689,000	238,939,000	222,680,000	111,730,000	36,259,000			
Health services (exclusive of Indian health programs).....	404,498,000	508,314,000	500,910,000	440,731,000	7,404,000	60,179,000			
National Institutes of Health.....	1,111,573,000	1,517,955,000	1,409,111,000	1,187,250,000	108,844,000	221,861,000			
National Institute of Mental Health.....	307,728,000	410,278,000	377,452,000	346,905,000	32,826,000	30,943,000			
Other Public Health Service.....	199,900,000	338,961,000	257,306,000	226,435,000	81,655,000	30,871,000			
Total, (exclusive of Indian health programs).....	2,514,682,000	3,483,407,000	3,239,528,000	2,797,418,000	243,879,000	442,110,000			
Indian health programs.....	90,813,000	117,670,000	117,041,000	104,344,000	629,000	12,697,000			
Total, Public Health Service.....	2,605,495,000	3,601,077,000	3,356,569,000	2,901,762,000	244,508,000	454,807,000			
							DEPARTMENT REDUCTIONS		
Health manpower education and utilization.....	149,746,000	218,210,000	216,810,000	170,413,000	1,400,000	46,397,000	Dental research grants.....		\$400,000
							Grants to diploma schools of nursing.....		1,000,000
							Subtotal.....		1,400,000
							BUREAU OF THE BUDGET REDUCTIONS		
							Physician manpower: Research grants.....		447,000
							Direct operations:.....		
							Construction activities.....	30	503,000
							Continuing education activities.....	6	349,000
							Health manpower activities.....	16	443,000
							Dental:		
							Grants:		147,000
							Research.....		50,000
							Fellowships.....		50,000
							Research training.....		100,000
							Continuing education.....		1,300,000
							Direct operations:		
							Disease prevention and control.....	1	22,000
							Dental care administration.....	5	57,000
							Maternity and utilization.....	3	11,000
							Dental health center.....	7	172,000
							Research and development in dental technology.....		18,000

See footnotes at end of table.

Construction of health educational facilities.	\$16,000,000	\$219,000,000	\$219,000,000	\$203,000,000	0	\$16,000,000	BUREAU OF THE BUDGET REDUCTIONS Construction of teaching facilities for medical, dental and other health personnel. Construction of teaching facilities for allied health professions personnel. Total reductions.	10,000,000
								6,000,000
Chronic diseases.	25,208,000	43,302,000	36,065,000	27,942,000	\$7,237,000	8,123,000	DEPARTMENT REDUCTIONS Grants: Research..... Training..... Direct operations: Diabetes and arthritis control..... Kidney disease control..... Subtotal.....	16,000,000
Communicable diseases.	68,665,000	82,917,000	80,817,000	72,272,000	2,100,000	8,545,000	BUREAU OF THE BUDGET REDUCTIONS Grants: Research..... Training..... Direct operations: Cancer control..... Smoking and health..... Diabetes and arthritis control..... Heart disease control..... Respiratory disease control..... Neurological and sensory diseases..... Preventive services..... Kidney disease control..... Subtotal..... Total reductions.	1,428,000 630,000 45,000 1,582,000 89,000 2,871,000 906,000 502,000 2,500,000 +2,000,000
								8,123,000 15,360,000
							DEPARTMENT REDUCTIONS Community immunization grants..... Direct operations: Venereal diseases..... Subtotal.....	1,900,000 200,000
								2,100,000
							BUREAU OF THE BUDGET REDUCTIONS Community immunization grants..... Direct operations: Communicable diseases: Viral, bacterial, and fungal diseases..... Biology and control of disease vectors..... Diseases of animal transmissible to man..... Communicable diseases control..... Diagnosis, consultations, and investigations..... Epidemic intelligence service..... National laboratory improvement and reference services..... Training of public health workers..... Medical audiovisual services..... Community health education services..... Special immunological agents..... Subtotal.....	21,000 506,000 508,000 71,000 239,000 145,000 363,000 416,000 201,000 227,000 38,000 145,000
								3,221,000

See footnotes at end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued
History of 1968 Estimates—Continued

Appropriation	1967 appropriation	1968				Department reduction from agency request	Budget Bureau reduction from Department submission	Explanation of difference	Positions	Amount
		Estimate to Department	Department estimate to Budget Bureau	President's budget						
	(a)	(b)	(c)	(d)						
Public Health Service—Con. Communicable diseases—Con.								BUREAU OF THE BUDGET REDUCTIONS—continued		
								Direct operations—Continued		
								Tuberculosis	14	\$217, 000
								Veneral diseases	28	761, 000
								Pesticides:		
								Community studies	15	2, 037, 000
								Intelligence/State services	14	445, 000
								Research	13	345, 000
								Research and development	35	435, 000
								Technical services	10	232, 000
Air pollution	\$35, 561, 000	\$64, 185, 000	\$64, 185, 000	\$64, 185, 000	0			Subtotal	80	3, 564, 000
								Foreign quarantine	42	761, 000
								Subtotal	312	8, 545, 000
								Total reductions	312	10, 645, 000
								DEPARTMENT REDUCTIONS		
								Research	112	
								Abatement	118	
								Technical services	72	
								Training	20	
								Subtotal	322	
Urban and industrial health								BUREAU OF THE BUDGET REDUCTIONS		
								Research	25	
								Abatement	44	
								Technical services	54	
								Training	5	
								Subtotal	108	
								Total reductions	430	
								DEPARTMENT REDUCTIONS		
								Grants:		
								Research		161, 000
								Fellowships		100, 000
								Direct operations:		
								Solid wastes		20, 000
								Occupational health	5	33, 000
								Food and water quality	44	458, 000
								Subtotal	49	775, 000

BUREAU OF THE BUDGET REDUCTIONS					
Radiological health-----	Grants:				
	Research-----				3,429,000
	Training-----				1,138,000
	Fellowships-----				+23,000
	Survey and demonstration-----				2,200,000
	Direct operations:				
	Solid wastes-----				56
	Occupational health-----				58
	Injury control-----				
	Epidemiology and surveillance-----				
	Research-----				51
	Community services-----				56
	Diagnostic and medical services-----				139
	Poison control-----				110
	Food and water quality-----				4
Community health services-----	Research-----				30
	Training-----				30
	Application of health knowledge-----				21
	Interstate, regulatory, and certification activities-----				61
	Arctic health-----				22
	Special environmental hazards-----				30
	Subtotal-----				441,000
	Total reductions-----				207,000
	Subtotal-----				548
	Total reductions-----				17,637,000
	Subtotal-----				18,412,000
DEPARTMENT REDUCTIONS					
Radiological health-----	Research grants-----				500,000
	Direct operations-----				
	Effects of radiation on man-----				6
	Training-----				5
	Measurement and surveillance-----				7
	Subtotal-----				18
	Subtotal-----				1,638,000
BUREAU OF THE BUDGET REDUCTIONS					
Community health services-----	Research grants-----				172,000
	Direct operations-----				
	Effects of radiation on man-----				8
	Development of methodology for radiation exposure reduction-----				17
	Technical assistance-----				10
	Subtotal-----				35
	Subtotal-----				1,954,000
	Total reductions-----				53
	Total reductions-----				3,592,000
DEPARTMENT REDUCTIONS					
Community health services-----	Medical care administration and community health:				
	Grants:				
	Research-----				
	Research training-----				
	Direct operations-----				
	Adult health screening 1-----				4
	Adult health screening 2-----				10
	Adult health education-----				2
	Physical fitness program-----				
	Subtotal-----				
	Subtotal-----				2,806,000
	Total reductions-----				550,000
	Total reductions-----				1,110,000
	Subtotal-----				1,979,000
	Total reductions-----				270,000

See footnotes at end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued
HISTORY OF 1968 ESTIMATES—Continued

Appropriation	1967 appropriation (a)	1968			Department reduction from agency request	Budget Bureau reduction from Department submission	Explanation of difference	Positions	Amount
		Estimate to Department (b)	Department estimate to Budget Bureau (c)	President's budget (d)					
Public Health Service—Con. Community health services—Con.	\$57,045,000						DEPARTMENT REDUCTIONS—continued	+17	+\$597,000
							Mental retardation, direct operations: President's Committee on Mental Re- tardation.		
							Subtotal.....	+1	6,118,000
							BUREAU OF THE BUDGET REDUCTIONS		
							Medical care administration and community health: Grants:		
							Research.....		1,722,000
							Fellowships.....		402,000
							Research training.....		800,000
							Direct operations:		
							Health insurance.....	46	1,191,000
							Standards and methods.....	19	933,000
							Nursing home services.....	13	446,000
							Home health services.....	9	401,000
							Adult health protection.....	6	846,000
							State and urban health services.....	33	1,293,000
							Health communications.....	7	344,000
							Health services for migrant workers.....	5	89,000
							Rural health.....	8	177,000
							Family planning services.....		4,000
							Mental retardation:		
							Grants: Research.....		74,000
							Construction.....		
							University affiliated facilities.....		5,000,000
							Community services facilities.....		15,000,000
							Direct operations:		
							Data analysis and utilization.....	5	505,000
							Division staff.....	31	400,000
							Subtotal.....	182	29,625,000
							Total reductions.....	181	35,743,000
							DEPARTMENT REDUCTIONS		
							Model nursing units.....	54	900,000
							Improvement of training program.....	11	191,000
							Headquarters staff.....	12	195,000
							Subtotal.....	77	1,286,000
Hospitals and medical care.....	\$57,045,000	\$75,213,000	\$73,927,000	\$63,851,000	\$1,286,000	\$10,076,000			

BUREAU OF THE BUDGET REDUCTIONS				BUREAU OF THE BUDGET REDUCTIONS			
Inpatient-outpatient care: Staffing related to lower estimated patient load. Preventive medicine. Personalized health services project. Emergency medical services: Surveys. Training. Demonstrations. Program assistance. Research. General nontraffic. Poison control. Bureau of Health Services management fund. Other inpatient and outpatient care. Coast Guard medical services. Federal employee occupational health and safety.	25	322,000					
	21	193,000					
	32	564,000					
	2	800,000					
	8	935,000					
	2	2,935,000					
	6	790,000					
	3	780,000					
	19	468,000					
	4	184,000					
Subtotal.		1,568,000					
	59	216,000					
	13	286,000					
	18	286,000					
	213	10,076,000					
	290	11,362,000					
		20,000,000					
	35	478,000					
	35	20,478,000					
	24	631,000					
DEPARTMENT REDUCTIONS				DEPARTMENT REDUCTIONS			
Biologics standards.							
Grants: Research. Direct operations: Laboratory and clinical research. Collaborative research and development. Biometry, epidemiology, and field studies. Review and approval of grants. Program direction. Subtotal.							
	4	2,998,000					
	41	389,000					
	13	1,851,000					
	1	196,000					
	1	88,000					
	59	5,522,000					
BUREAU OF THE BUDGET REDUCTIONS				BUREAU OF THE BUDGET REDUCTIONS			
Grants: Research. Training. Subtotal, grants. Direct operations: Laboratory and clinical research. Collaborative research and development. Biometry, epidemiology, and field studies. Review and approval of grants. Program direction. Subtotal. Total reductions.							
Hospital construction activities.							
NATIONAL INSTITUTES OF HEALTH				NATIONAL INSTITUTES OF HEALTH			
Biologics standards.							
National Cancer Institute.							

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

HISTORY OF 1968 ESTIMATES—Continued

Appropriation	1967 appropriation ¹ (a)	1968			Department reduction from agency request	Budget Bureau reduction from Department submission	Explanation of difference	Positions	Amount
		Estimate to Department	Department estimate to Budget Bureau	President's budget					
		(b)	(c)	(d)					
Public Health Service—Con. National Heart Institute.....	\$163,876,000	\$194,706,000	\$190,385,000	\$187,954,000	\$4,411,000	\$22,431,000	DEPARTMENT REDUCTIONS		
							Grants: Research.....		\$8,871,000
							Direct operations:.....		
							Laboratory and clinical research.....	2	382,000
							Collaborative research and development.....		+5,017,000
							Biometric, epidemiology, and field studies.....		
							Review and approval.....	13	177,000
							Program direction.....		+2,000
							Subtotal.....	15	4,411,000
							BUREAU OF THE BUDGET REDUCTIONS		
							Grants:.....		13,850,000
							Research.....		705,000
							Training.....		
							Subtotal, grants.....		14,555,000
							Direct operations:.....		
							Laboratory and clinical research.....	6	118,000
							Collaborative research and development.....		7,432,000
							Biometric, epidemiology, and field studies.....	6	+1,000
							Training.....		320,000
							Review and approval of grants.....	5	7,000
National Institute of Dental Research.	28,447,000	32,388,000	31,926,000	30,307,000	462,000	1,619,000	Program direction.....		
							Subtotal.....	17	22,431,000
							Total reductions.....	32	26,842,000
							DEPARTMENT REDUCTIONS		
							Grants: Research.....		73,000
							Direct operations:.....		
							Laboratory and clinical research.....	1	118,000
							Collaborative research and development.....	1	240,000
							Biometric, epidemiology, and field studies.....	1	4,000
							Review and approval of grants.....		+3,000
							Program direction.....		
							Subtotal.....	3	462,000

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

History of 1968 Estimates—Continued

Appropriation	1967 appropriation ¹ (a)	1968			Department reduction from agency request	Budget Bureau reduction from Department submission	Explanation of difference	Positions	Amount
		Estimate to Department (b)	Department estimate to Budget Bureau (c)	President's budget (d)					
Public Health Service—Con. National Institute of Neurological Diseases and Blindness— Continued				(d)			BUREAU OF THE BUDGET REDUCTIONS		
							Grants:		
							Research.....		
							Training.....		
							Subtotal, grants.....		
							Direct operations:		
							Laboratory and clinical research.....	19	
							Collaborative research and development.....	7	
							Biometry, epidemiology, and field studies.....	3	
							Review and approval of grants.....		
Program direction.....									
Subtotal.....	29								
Total reductions.....	57								
							DEPARTMENT REDUCTIONS		
National Institute of Allergy and Infectious Diseases.					\$582,000	\$1,664,000	Grants: Research.....		
							Direct operations:		
							Laboratory and clinical research.....	3	
							Collaborative research and development.....		
							Biometry, epidemiology, and field studies.....		
							Review and approval of grants.....	1	
							Program direction.....		
							Subtotal.....	4	
							BUREAU OF THE BUDGET REDUCTIONS		
Grants:									
Research.....									
Training.....									
Subtotal, grants.....									
Direct operations:									
Laboratory and clinical research.....	10								
Collaborative research and development.....	4								
Biometry, epidemiology, and field studies.....									
Review and approval of grants.....	1								
Subtotal.....	15								
Total reductions.....	19								

National Institute of General Medical Sciences.	146,056,000	167,113,000	163,485,000	160,284,000	3,628,000	3,201,000	DEPARTMENT REDUCTIONS	3,325,000
							Grants: Research.....	62,000
							Direct operations.....	+1,000
							Collaborative research and development.....	156,000
							Training.....	86,000
							Review and approval of grants.....	12
							Program direction.....	4
							Subtotal.....	16
							BUREAU OF THE BUDGET REDUCTIONS	3,628,000
							Grants:	
National Institute of Child Health and Human Development.	67,053,000	80,292,000	76,211,000	68,621,000	4,081,000	7,590,000	DEPARTMENT REDUCTIONS	2,979,000
							Grants: Research.....	814,000
							Direct operations.....	58
							Laboratory and clinical research.....	58,000
							Collaborative research and development.....	68,000
							Bionetry, epidemiology, and field studies.....	116,000
							Review and approval of grants.....	13
							Program direction.....	3
							Subtotal.....	95
							BUREAU OF THE BUDGET REDUCTIONS	4,081,000
							Grants:	
							Research.....	5,264,000
							Training.....	387,000
							Subtotal, grants.....	5,651,000
							Direct operations:	
							Laboratory and clinical research.....	48
							Collaborative research and development.....	15
							Bionetry, epidemiology, and field studies.....	1,866,000
							Training.....	+282,000
							Review and approval of grants.....	147,000
							Program direction.....	36,000
							Subtotal.....	151,000
							Subtotal.....	21,000
							Total reductions.....	70
								7,590,000
								11,671,000

See footnotes at end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued
History of 1968 Estimates—Continued

Appropriation	1967 appropriation (a)	1968				Budget Bureau reduction from Department submission	Explanation of difference	Positions	Amount
		Estimate to Department (b)	Department estimate to Budget Bureau (c)	President's budget (d)	Department reduction from agency request				
Public Health Service—Con. Regional medical programs.....	\$45,360,000	\$202,799,000	\$140,600,000	\$64,314,000	\$62,199,000	\$76,286,000	DEPARTMENT REDUCTIONS		
							Grants: Regional medical programs.....		\$82,000,000
							Direct operations: Research and technical assistance.....	7	6,000
							Review and approval of grants.....	14	184,000
							Program direction.....	3	98,000
							Subtotal.....	24	62,199,000
Environmental health sciences.....	13,407,000	28,059,000	21,994,000	20,615,000	6,065,000	1,379,000	BUREAU OF THE BUDGET REDUCTIONS		
							Grants: Regional medical programs.....		75,600,000
							Direct operations: Professional and technical assistance.....	14	581,000
							Review and approval of grants.....	6	73,000
							Program direction.....	3	32,000
							Subtotal.....	23	76,286,000
							Total reductions.....	47	138,485,000
							Grants: Research, Direct operations: Laboratory and clinical research.....		1,821,000
							Review and approval of grants.....		4,078,000
							Program direction.....		66,000
							Subtotal.....		100,000
							BUREAU OF THE BUDGET REDUCTIONS		6,065,000
							Direct operations: Laboratory and clinical research.....	38	1,379,000
							Program direction.....	4	
							Subtotal.....	42	1,379,000
							Total reductions.....	42	7,444,000

General research and services-----	71,968,000	101,551,000	98,570,000	81,141,000	2,981,000	17,429,000	DEPARTMENT REDUCTIONS	1,484,000
							Division of Research Facilities and Resources:	
							Research grants.....	
							Direct operations.....	
							Collaborative research and development.....	
							Review and approval of grants.....	20
							Program direction.....	+1
							Office of International Research:	
							Research grants.....	182,000
							Direct operations.....	76,000
							International research.....	225,000
							Training activities.....	905,000
							Division of Computer Research and Technology:	+1,000
							Direct operations.....	8,000
							Subtotal.....	
							36	2,981,000
							BUREAU OF THE BUDGET REDUCTIONS	
							Division of Research Facilities and Resources:	
							Grants.....	
							Research.....	12,811,000
							Training.....	182,000
							Direct operations:	
							Collaborative research and development.....	105,000
							Review and approval of grants.....	61,000
							Program direction.....	25,000
							3	
							Office of International Research:	
							Research grants.....	2,671,000
							Direct operations:	
							International research.....	694,000
							Training activities.....	+1,000
							Division of Computer Research and Technology: Direct operations.....	881,000
							18	
							Subtotal.....	
							28	17,429,000
							Total reductions.....	
							64	20,410,000
							DEPARTMENT REDUCTIONS	
							The Department reduction of \$15,000,000 was made in 1968, and approval of \$50,000,000 for health research facilities construction rather than the \$15,000,000 estimate contained in the President's budget, which was the basis of the PHS request.	15,000,000
Grants for construction of health research facilities.	56,000,000	115,000,000	100,000,000	35,000,000	15,000,000	65,000,000	BUREAU OF THE BUDGET REDUCTIONS	
							The Bureau of the Budget reduced the Department's request by \$65,000,000 on the basis that there would be \$15,000,000 of the 1967 appropriation carried forward into 1968.	65,000,000
							Total reductions.....	
								80,000,000

See footnotes at end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

History of 1968 Estimates—Continued

Appropriation	1967 appropriation ¹ (a)	1968			Department reduction from agency request	Budget Bureau reduction from Department submission	Explanation of difference	Positions	Amount
		Estimate to Department (b)	Department estimate to Budget Bureau (c)	President's budget (d)					
Public Health Service—Con. Mental health services and resources.	\$225,647,000	\$268,703,000	\$260,377,000	\$246,741,000	\$8,326,000	\$13,636,000	Grants: DEPARTMENT REDUCTIONS Research..... Training..... Subtotal, grants.....		\$2,237,000 +5,457,000 +3,220,000
							Direct operations: Extramural research..... Regional and field activities..... Subtotal.....		3 2 68 15,000 11,531,000 8,326,000
							BUREAU OF THE BUDGET REDUCTIONS		
							Grants: Research..... Hospital improvement..... Training..... Subtotal, grants.....		5,203,000 3,000,000 4,947,000 13,150,000
							Direct operations: Planning, development, and administration of extramural research programs..... Intensification of research..... Manpower and training..... Special mental health programs..... Regional and field activities..... Fort Worth and Lexington hospitals..... Scientific communication and public education..... Program management and services..... Subtotal.....		+2 10 6 +26 100,000 +1,000,000 144,000 +5 13,636,000
							Total reductions.....		88 21,962,000
							DEPARTMENT REDUCTIONS		
							Construction of community mental health centers..... Narcotic addict rehabilitation facilities..... Subtotal.....		20,000,000 4,500,000 24,500,000
Community mental health resource support.	82,081,000	141,575,000	117,075,000	100,168,000	24,500,000	16,907,000			

National health statistics-----	9,312,000	10,031,000	9,931,000	9,767,000	100,000	164,000	BUREAU OF THE BUDGET REDUCTIONS		10,000,000
							Construction of community mental health centers.		
							Staffing of community mental health centers.		
							Narcotic addict rehabilitation facilities.		
							Subtotal		
							Total reductions		
							DEPARTMENT REDUCTIONS		
							Automated State vital statistics demonstration project.		
							BUREAU OF THE BUDGET REDUCTIONS		
							Absorption of civilian pay increase cost.		
National Library of Medicine----	20,254,000	30,279,000	29,279,000	21,162,000	1,000,000	8,117,000	BUREAU OF THE BUDGET REDUCTIONS		1,000,000
							Grants: Regional medical libraries.		
							Total reductions		
							DEPARTMENT REDUCTIONS		
							Grants: Regional medical libraries.		
							Research		
							Training		
							Construction		
							Publications and library support.		
							Library operations		
BUILDINGS AND FACILITIES	0	\$2,558,000	\$2,558,000	\$2,558,000	0	0	BUREAU OF THE BUDGET REDUCTIONS--CON.		1,400,000
							1. Dental health center, construction.		
							2. Central air pollution research facility planning.		
							3. NIH Animal Center.		
							Subtotal		
							Total reductions		
							BUREAU OF THE BUDGET REDUCTIONS		
							Bureau of Budget allowance provided only for completion of phase I construction. Phase II deferred pending receipt of evaluation of comparative cost of inhouse production versus contract purchase of small animals. The evaluation study is now being reviewed in the Department and expected to be released to the Budget Bureau by Mar. 20.		
							Original estimate was a preliminary one. Specific estimate by architect/engineer is based on known type and size of incinerator to be located at a selected site.		
							4. NIH incinerator facility-----	\$270,000	
A smaller structure than originally proposed by NIH was approved by the Bureau of the Budget.									
Bureau of Budget allowance provided only for completion of phase I construction. Phase II deferred pending receipt of evaluation of comparative cost of inhouse production versus contract purchase of small animals. The evaluation study is now being reviewed in the Department and expected to be released to the Budget Bureau by Mar. 20.									
Original estimate was a preliminary one. Specific estimate by architect/engineer is based on known type and size of incinerator to be located at a selected site.									
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Original estimate was a preliminary one. Specific estimate by architect/engineer is based on known type and size of incinerator to be located at a selected site.									
5. Combined service facility, NIH.	0	368,000	368,000	200,000	0	168,000	BUREAU OF THE BUDGET REDUCTIONS		168,000
							A smaller structure than originally proposed by NIH was approved by the Bureau of the Budget.		
							Bureau of Budget allowance provided only for completion of phase I construction. Phase II deferred pending receipt of evaluation of comparative cost of inhouse production versus contract purchase of small animals. The evaluation study is now being reviewed in the Department and expected to be released to the Budget Bureau by Mar. 20.		
							Original estimate was a preliminary one. Specific estimate by architect/engineer is based on known type and size of incinerator to be located at a selected site.		
							A smaller structure than originally proposed by NIH was approved by the Bureau of the Budget.		
							Bureau of Budget allowance provided only for completion of phase I construction. Phase II deferred pending receipt of evaluation of comparative cost of inhouse production versus contract purchase of small animals. The evaluation study is now being reviewed in the Department and expected to be released to the Budget Bureau by Mar. 20.		
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							Original estimate was a preliminary one. Specific estimate by architect/engineer is based on known type and size of incinerator to be located at a selected site.		

See footnotes at end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

HISTORY OF 1968 ESTIMATES—Continued

Appropriation	1967 appropriation ¹ (a)	1968			Department reduction from agency request	Budget Bureau reduction from Department submission	Explanation of difference	Positions	Amount
		Estimate to Department (b)	Department estimate to Budget Bureau (c)	President's budget (d)					
Public Health Service—Con.									
BUILDINGS AND FACILITIES—con.									
6. Multilevel parking facilities; NIH, office building, Biologicals standards dental buildings, NIH.	\$1, 489, 000	\$100, 000	\$100, 000	\$100, 000	0	0	Bureau of the Budget deferred planning funds for additional structure indefinitely.		\$110, 000
7. Communicable disease center addition, Clifton Road.	0	1, 241, 000	1, 241, 000	0	0	1, 241, 000	Bureau of the Budget deferred planning funds indefinitely.		1, 241, 000
8. Communicable disease center, Carville site acquisition.	0	176, 000	176, 000	0	0	176, 000	Bureau of the Budget deferred indefinitely.		176, 000
9. Repairs and improvements; Bureau of Disease Prevention and Environmental Control.	748, 000	1, 352, 000	1, 352, 000	1, 352, 000	0	0			
Bureau of Health Services.	752, 000	1, 948, 000	1, 095, 000	925, 000	\$853, 000	170, 000	Department reduction: Limited repairs and improvements for PHS general hospitals to those authorized in 1967 and 1968; Disallowed funds for alterations to Hunter Air Force Base hospital, since PHS will not establish a facility at that site.		853, 000
							Subtotal		1, 023, 000
National Institutes of Health.	500, 000	1, 420, 000	1, 420, 000	500, 000	0	920, 000	Bureau of the Budget reduction represents deferral of 8 projects indefinitely.		920, 000
National Institute of Mental Health.	0	990, 000	990, 000	990, 000	0	0			
National Library of Medicine.	0	150, 000	150, 000	75, 000	0	75, 000	Bureau of the Budget reduction represents scaling down of 3 projects and deferral of 3 others indefinitely. Budget deferred initial portable equipment purchase to coincide with completion of structure in April 1969.		75, 000
10. Northeast shellfish sanitation research center, equipment.	1, 108, 000	190, 000	190, 000	0	0	190, 000	Bureau of the Budget deferred planning funds indefinitely.		190, 000
11. Southeastern radiological health laboratory.	0	203, 000	203, 000	0	0	203, 000			203, 000
12. Modernization of hospitals: Planning	5, 021, 000	4, 134, 000	4, 134, 000	0	0	4, 134, 000	Department allowance provided additional funds for contract drawings and specifications, but did not provide funds for construction at Carville since they could not be obligated in		8, 386, 000
Construction—Carville.	0	8, 386, 000	0	0	8, 386, 000	0			

13. International conference building, planning.	0	450,000	410,000	0	40,000	410,000	<p>1968. The original planning schedule has been extended because of problems in developing initial design concept. Planning funds were appropriated in fiscal years 1966 (\$1,093,000), 1967 (\$5,022,000), and 1968 (\$8,614,000). The Cavellie working drawings are estimated to be 10 percent complete. Initial programs of requirements are being developed for clearance by the Bureau of the Budget. San Francisco will be presented in the next few weeks. The other 8 programs of requirements will be presented to the Bureau of the Budget by January 1968. Working drawings for all of the hospitals will be completed by fiscal year 1970. A period of from 10 months to 2 years is required to produce working drawings following acceptance of the programs of requirements. Modernization of the building is being initiated. Estimated to be completed in fiscal year 1972.</p> <p>Bureau of the Budget eliminated planning funds based on reduction of total cost target of modernization program.</p>	4,134,000
14. National Library of Medicine annex.	0	250,000	200,000	0	+40,000	200,000	<p>Subtotal</p> <p>Department reduction: Space for National Library of Medicine extramural staff was to have been available in this facility. Department proposal provided such space in the NLM Annex.</p> <p>Bureau of the Budget reduction: Deferred planning funds indefinitely.</p>	410,000
15. Headquarters building, PHS.	0	2,400,000	2,400,000	0	0	2,400,000	<p>Subtotal</p> <p>Department reduction: Space for NLM extramural staff added.</p> <p>Bureau of the Budget reduction: Deferred planning funds indefinitely.</p>	2,400,000
16. Injury control facility—planning.	0	656,000	0	0	656,000	0	<p>Bureau of the Budget determined that this project could be more appropriately considered in the USA budget but did not include an estimate for 1968.</p> <p>Department questioned necessity for a separate PHS control facility since the Highway Safety Act authorizes a comprehensive facility for traffic safety research and development.</p> <p>Department deferred construction funds since present design schedule will not be advanced sufficiently to require construction funds in 1968. Planning funds of \$785,000 were appropriated in fiscal year 1967 and \$1,000,000 in fiscal year 1968. The program of requirements is scheduled for submission to the Bureau of the Budget in November 1967. 24 months will be required for the production of working drawings. Construction funds will be required in 1971 with completion date estimated to be August 1973.</p>	656,000
17. National environmental health sciences center.	0	36,236,000	0	0	36,236,000	0		36,236,000

See footnotes at end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued
HISTORY OF 1968 ESTIMATES—Continued

Appropriation	1967 appropriation ¹ (a)	1968			Department reduction from agency request	Budget Bureau reduction from Department submission	Explanation of difference	Positions	Amount
		Estimate to Department (b)	Department estimate to Budget Bureau (c)	President's budget (d)					
Public Health Service—Con. BUILDINGS AND FACILITIES—CON.									
18. Laboratory facilities, Cincinnati, Ohio.	\$1,285,000	\$19,485,000	0	0	\$19,485,000	0	Department deferred construction funds since present design schedule will not be advanced until construction funds are appropriated in fiscal year 1968. \$100,000 were appropriated in fiscal year 1966 for site planning and design funds of \$1,285,000 were appropriated in fiscal year 1967. The program of requirements approval is expected in June 1967. A period of 27 months will be required to produce working drawings. Construction funds will be required in fiscal year 1968 with completion date expected to be June 1973.	-----	\$19,485,000
19. Appalachia center for environmental health studies.	330,000	4,260,000	0	0	4,260,000	0	Funds for design of structure appropriated for fiscal year 1967. Availability of site from University of West Virginia now expected in March 1967. Department action based on a schedule for site acquisition and design including construction funds would not be required until 1969.	-----	4,260,000
20. Renovation of outpatient clinic.	0	1,150,000	0	0	1,150,000	0	Department position was that personalized health services project should be located at Staten Island hospital.	-----	1,150,000
21. Child health and human development research facility.	0	9,000,000	0	0	9,000,000	0	Department deferred construction funds since present design schedule will not require construction funds prior to 1969. Planning funds of \$1,000,000 were appropriated in fiscal year 1967. The program of requirements approval is expected in June 1967. A period of 15 months will be required to produce working drawings after approval of the program of requirements. Construction funds will be required in fiscal year 1969 with completion date expected to be July 1971.	-----	9,000,000

22. Child health—international conference building cafe/terrace—planning, construction, NLM.	0	85,000	0	0	85,000	0	Department deferred planning funds to coincide more closely to design schedule of Child Health Research Facility.	85,000
23. Center for biomedical communications, NLM.	0	900,000	0	0	900,000	0	Department recommended that this research be conducted within the NLM Annex. The Budget Bureau deferred funds for the annex indefinitely.	900,000
Total buildings and facilities.	11,503,000	110,915,000	\$29,904,000	\$10,715,000	\$1,011,000	\$19,189,000		100,200,000
Scientific activities overseas.	10,000,000	18,685,000	18,685,000	18,685,000	0	0		
Retired pay of commissioned officers.	10,743,000	13,391,000	13,391,000	13,391,000	0	0		
Comprehensive health planning and services.	123,557,000	145,001,000	145,001,000	143,628,000	0	1,373,000	Review and approval. Program direction and technical assistance.	500,000 873,000
Office of the Surgeon General, salaries and expenses.	7,755,000	10,659,000	11,115,000	9,087,000	+456,000	2,028,000	Management and central services: Equal employment opportunity Civil rights contract compliance.	+51,000 +385,000 +456,000
							Subtotal.	
							BUREAU OF THE BUDGET REDUCTIONS	
							International health activities.	5
							Management and central services:	
							Immediate Office of the Surgeon General	2
							Office of Biomedical Research	6
							Office of Legislative Affairs	2
							Office of Administrative Management.	16
							Office of Personnel.	34
							Office of Information.	8
							Office of Program Planning and Evaluation.	8
							Contract compliance.	18
							Equal employment opportunity.	3
							Subtotal.	100
							Total reductions.	70

⁴ Allowances were made by both the Department and Bureau of the Budget on a total NIH basis, rather than by appropriation. Adjustments were made between Institutes and activities to effect the best distribution of positions and funds. This resulted in increases in some activities as well as decreases, all of which are reflected in these tabulations as adjustments, but do not necessarily represent specific Department or Bureau of the Budget actions.

¹ Includes proposed supplementals.
² This program purpose qualifies for funding under the authorization of Public Law 89-749, Comprehensive Health Planning and Public Health Services Amendments.
³ Includes \$25,000,000 submitted at the request of the Appalachian Regional Commission, which is contingent upon extension of the Appalachian Regional Development Act.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
HISTORY OF 1968 ESTIMATES

Appropriation	1967 appropriation ¹ (a)	1968				Budget Bureau reduction from Department submission	Explanation of difference	Posi- tions	Amount
		Estimate to Department (b)	Department estimate to Budget Bureau (c)	President's budget (d)	Department reduction from agency request (e)				
St. Elizabeths Hospital	Salaries and expenses.....	\$22,605,000	\$37,674,000	\$35,140,000	\$2,408,000	(\$)	DEPARTMENT REDUCTIONS		\$1,783,500
							1. 400 new positions for relief of understaffing in psychiatric rehabilitation, research, training, and other program areas.		499,500
							2. Layoff of 100 permanent positions from 5.4 percent to 3.6 percent.		125,000
							3. Comprehensive study of data processing needs and potentials of St. Elizabeths Hospital.		
							Subtotal.....		2,408,000
							BUREAU OF THE BUDGET REDUCTIONS		
							1. Increase of summer employment program from 31 employees to 60.		39,000
							2. Replacement equipment deferred pending Eldridge Building modernization.		29,000
							3. Patient remuneration for work performed under Federal Government program.		23,000
							4. Travel for attendance at meetings and recruitment.		15,100
Buildings and facilities.....		2,298,000	10,130,000	1,237,000	210,000	8,683,000	5. Maintenance supplies.		14,000
							6. Miscellaneous.		5,900
							Subtotal.....		126,000
							Total salaries and expenses reductions.		2,534,000
							DEPARTMENT REDUCTIONS		
							1. Program statement funds leading to construction of a training and research center.		75,000
							2. Construction funds for quarters for the superintendent.		70,000
							3. Program statement funds leading to construction of a treatment center for adolescents. (This request was made before the action of the Congress on the 1967 budget).		40,000
							4. Program statement funds leading to construction of a consolidated shops and maintenance building.		25,000
							Subtotal.....		210,000
							BUREAU OF THE BUDGET REDUCTIONS		
							1. Deferral of request for construction funds for a new security facility. (The construction contract could not be let until 1969. In 1968 an amount of \$25,000 was made available to prepare a program statement for this project and the 1967 appropriation included \$450,000 for architectural and engineering planning.		8,683,000

Subtotal Less encumbrances	Total, St. Elizabeth's Hospital	Social Security Administration	Limitation on salaries and expenses (trust fund).	Limitation on construction (trust fund).	Payment for military service credits	Payments to trust funds for health insurance for the aged.	Expected that plan will be approved in June 1968.	
							Total buildings and facilities reductions	
34,903,000 22,745,000	47,804,000 20,276,000	21,328,000	651,878,000	10,283,000	126,000,000	928,592,000	8,809,000 71,000	8,880,000
12,168,000	21,328,000	19,019,000	651,878,000	634,000	103,000,000	100,031,000	2,018,000 100,000	2,118,000
600,450,000	21,328,000	19,019,000	651,878,000	634,000	103,000,000	100,031,000	2,009,000	8,738,000
43,130,000	10,283,000	7,710,000	651,878,000	634,000	103,000,000	100,031,000	16,018,000	10,018,000
							5,018,000	5,018,000
							700,000	700,000
							2,673,000	2,673,000
							7,046,000	7,046,000
105,000,000	126,000,000	126,000,000	126,000,000	103,000,000	103,000,000	100,031,000	21,000,000	21,000,000
924,600,000	928,592,000	1,001,502,000	1,001,502,000	100,031,000	103,000,000	100,031,000	173,000,000	173,000,000

See footnotes at end of table.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

HISTORY OF 1968 ESTIMATES—Continued

Appropriation	1957 appropriation ¹	1968				Explanation of difference	Positions	Amount
		Estimate to Department	Department Budget Bureau	President's budget	Department reduction from agency request	Budget Bureau reduction from Department submission		
	(c)	(b)	(c)	(d)	(e)	(f)		
Social Security Administration—Con.								
Payments to trust funds for health insurance for the aged—Continued								\$91,103,000
								1,120,000
								2,738,000
								1,000,000
								1,000,000
Social security research (special foreign currency program).		\$1,000,000			\$1,000,000			
Cooperative research or demonstration projects.		1,000,000	\$1,000,000			\$1,000,000		
Total, Social Security Administration (Grant fund) (Trust fund)	\$1,029,050,000 643,648,000	1,036,592,000 662,161,000	1,128,592,000 659,388,000	\$1,011,631,000 653,394,000	+72,000,000 2,375,000	116,961,000 25,694,000	500	44,981,000 26,267,000
Welfare Administration								
Grants to States for public assistance ² . Assistance for repatriated U.S. nationals.	3,981,500,000 460,000	4,240,000,000 325,000	4,240,000,000 325,000	4,240,000,000 325,000				

BUREAU OF THE BUDGET REDUCTIONS—continued

1. A decision to request a supplemental of \$91,103,000 in fiscal year 1967 for the underfunding for 1967 of the Government Insurance Administration to \$834,114,000 and for higher the budget administrative expenses in 1966 and 1967 for the hospital insurance program for the uninsured, and 20,000 in the 1966 estimate of the amount due the hospital insurance trust fund due to more current data becoming available.
2. Denial of Departments request for payment of administrative expenses to the States to delays in making the Government's matching contribution because of late unmatching of appropriations and administrative reasons.
3. Denial of Departments request for payment of administrative expenses to the States to delays in making the Government's matching contribution because of late unmatching of appropriations and administrative reasons.

DEPARTMENT REDUCTIONS

The Department denied the request for social security research is a low-priority item.

BUREAU OF THE BUDGET ACTION

In fiscal year 1967, the Social Security Administration requested \$1,000,000 from the appropriation for the Welfare Administration for cooperative research and demonstration projects. The Department request to the Budget Bureau for 1968 provided for separate appropriations for SSA and an increase of \$250,000 over the 1967 level. The request was denied by the Budget Bureau and the amount in the Welfare Administration's 1968 estimate to the Congress earmarked for SSA is \$810,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued
History of 1968 Estimates—Continued

Appropriation	1967 appropriation ¹	1968			Department reduction from agency request	Budget Bureau reduction from Department submission	Explanation of difference	Posi-tions	Amount
		Estimate to Department	Department Budget Bureau	President's budget					
	(a)	(b)	(c)	(d)	(c)	(f)			
Administration on Aging—Continued							BUREAU OF THE BUDGET REDUCTIONS AND ADDITIONS—CON-		
							The Bureau of the Budget added \$2,000,000 for an expanded program of pilot projects in nutritional services which will provide funds for about 33 new projects in 1968.		
							The net reduction for research and training grants was \$3,200,000 and 40 grants.		83,200,000
Coordination and development of pro-grams for the aging—Continued							Coordination and development etc.—Continued		
							3. Technical assistance, services, and adminis-tration: The Bureau of the Budget disallowed 9 positions and \$425,000 for the follow-ing activities: 4 positions and \$100,000 for State grant programs; 3 positions and \$75,000 for Federal grant program; and \$225,000 for information and infor-mation publications including an ex-pansion of publications; and 1 position and \$25,000 in the area of program management.	3	391,000
							The Bureau added 6 positions and \$68,000 to administer an expanded pro-gram of pilot nutrition projects. The result was a net reduction of 3 positions and \$341,000.		250,000
Research and training (special foreign currency program).		\$250,000	\$250,000		\$250,000	\$250,000	The Bureau of the Budget disallowed a requested program of research and training grants to be funded from Public Law 480 funds. The request was for \$250,000 to fund about 3 projects.		
Special Institutions							BUREAU OF BUDGET REDUCTION		
American Printing House for the Blind	\$1,027,500	1,264,000	1,264,000	\$1,225,000		39,000	Revised estimate of production costs. The estimated \$60 per pupil for 19,840 pupils was revised to allow \$58.46 for the same number of pupils. The allotment for 1967 is \$50 per pupil.		39,000
National Technical Institute for the deaf	491,000	6,296,000	6,296,000	2,615,000		3,681,000	Bureau of Budget reductions. The request of \$800,000 for site development and planning and \$650,000 for site acquisition were allowed. The request of \$3,681,000 for actual construction was disallowed. The bal-ance of \$1,365,000 was available for adminis-tration and curriculum development.		3,681,000
Model Secondary School for the Deaf: Salaries.		470,000	470,000	425,000		45,000	Bureau of Budget reduction. The request for general administrative plan-ning was reduced to \$100,000. A shift in phasis allowed retention of the full 8 positions.		45,000
							Subtotal, salaries and expenses.		45,000

Construction.....		1, 050, 000	1, 030, 000	275, 000	755, 000	Bureau of Budget reduction. The original request of \$200,000 for initial site preparation was reduced to \$130,000 for construction and \$210,000 for plans with no construction allowed.		755, 000
Total.....		1, 500, 000	1, 500, 000	700, 000	800, 000	Subtotal, construction.....		800, 000
Salaries and expenses, Gallaudet College.	2, 542, 000	3, 206, 000	3, 206, 000	2, 878, 000	328, 000	BUREAU OF BUDGET REDUCTIONS		
						Improvement of Laboratory School.....	14	160, 001
						The reduction eliminated 9 professional speech therapists, and 1 secretary which were intended to direct the school and to be added from the existing 8.9:1 to 6:1. The positions were intended primarily to permit more effective handling of the 1/3 of the student body which is handicapped and/or educationally deprived.		
						Graduate school.....	3	45, 042
						The reduction of 2 professors and 1 secretary anticipates that this staffing would be funded through the existing budget.		
						Electronic data processing facility.....	1	73, 232
						The reduction eliminated 1 teaching position in the field of computer science and the cost of maintenance of the existing computer which is obsolete and inequipped for instruction prohibits a planned expansion of student enrollment in laboratory courses and the initiation of a program of computer-assisted instruction.		
						Maintenance building.....		49, 725
						The reduction eliminated replacement of a 36-passenger vehicle (\$7,525), increased maintenance supply requirements (\$7,200), and planned savings under the cost reduction program (\$3,500).		
Construction.....	\$70, 000	\$3, 097, 000	\$3, 097, 000	\$2, 196, 000	\$901, 000	Subtotal, salaries and expenses.....		328, 000
						Program of renovations and improvements.....		186, 000
						The reduction eliminated \$136,000 to air condition the laboratory school, which is now in 12 months' operation, and to continue the maintenance program, including installation of bleachers in the gymnasium.		
						Kendall School addition (planning).....		80, 000
						This program was to plan expansion of the laboratory school addition.		
						Library building.....		585, 000
						This addition was planned to increase the capacity from 750 students to 1,350, and to accommodate the increasing number of library books and provide for more study space.		
						Maintenance building (construction).....		50, 000
						The maintenance building would have provided space for repairing vehicles, and for storage of outside equipment which is now left outside.		
Total.....	2, 612, 000	6, 303, 000	6, 303, 000	5, 071, 000	1, 229, 000	Subtotal, construction.....		901, 000
						Total, Gallaudet College.....	18	1, 229, 000

See footnotes at end of table.

BUREAU OF THE BUDGET REDUCTION	Headquarters: Personal property screening-----	1	26,000
	Field: Personal property screening-----	2	53,000
	Total, Bureau of the Budget reduction-----	3	79,000
	Total reduction-----	16	223,000
	BUREAU OF THE BUDGET REDUCTION		
	Supervisory and general legal services-----	4	57,000
	Public Health Division-----	3	18,000
	Food and Drug Division-----	3	37,000
	Health Insurance Division-----	4	37,000
	Welfare and Rehabilitation Division-----	2	10,000
BUREAU OF THE BUDGET REDUCTION	Education Division-----	2	11,000
	Regional and Field-----	3	16,000
	Total reduction-----	21	168,000
	BUREAU OF THE BUDGET REDUCTION		
	1. Grants for undergraduate international studies-----		4,050,000
	2. Grants for advanced international studies-----		1,000,000
	3. Language and area programs (NDEA title VI)-----		2,300,000
	4. Foreign language training and area studies (Fullbright-Hays)-----		2,300,000
	5. Immediate office of the Director-----	2	18,000
	Clearinghouse; public information; reporting-----	21	402,000
BUREAU OF THE BUDGET REDUCTION	Office of Educational Planning and Service-----	1	9,000
	Binational education foundations-----	2	17,000
	Conferences of leaders and experts-----	2	17,000
	American Education Placement Service-----	16	103,000
	Office of Manpower Research-----	16	103,000
	Office of Planning and Evaluation-----	31	272,000
	Undergraduate programs for international studies-----	10	128,000
	Graduate programs for international studies-----	8	70,000
	Subtotal-----	98	1,150,000
	6. National Advisory Committee on International Studies-----		50,000
BUREAU OF THE BUDGET REDUCTION	Total reduction-----	98	16,850,000
	Item transferred to GSA request-----		2,296,000
BUREAU OF THE BUDGET REDUCTION			
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SOCIAL SECURITY ADMINISTRATION

STATEMENT OF ROBERT M. BALL, COMMISSIONER, ACCOMPANIED BY JACK S. FUTTERMAN, ASSISTANT COMMISSIONER, OFFICE OF ADMINISTRATION; HENRY A. CROOKS, DIRECTOR, DIVISION OF FINANCIAL MANAGEMENT; MRS. MILDRED L. TYSSOWSKI, BUDGET OFFICER; JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER; AND HENRY A. NEIL, DIRECTOR, BUDGET DIVISION

APPROPRIATION ESTIMATE

SOCIAL SECURITY ADMINISTRATION

LIMITATION ON SALARIES AND EXPENSES

For necessary expenses, not more than **[\$586,483,000]** *\$635,260,000* may be expended as authorized by section 201 (g) (1) of the Social Security Act, as amended, from any one or all of the trust funds referred to therein: *Provided*, That such amounts as are required shall be available to pay the cost of necessary travel incident to medical examinations or hearings for verifying disabilities or for review of disability determinations, of individuals who file applications for disability determinations under title II of the Social Security Act, as amended: *Provided further*, That **[\$35,000,000]** *\$25,000,000* of the foregoing amount shall be apportioned for use pursuant to section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), only to the extent necessary to process workloads not anticipated in the budget estimates and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate in the administration of title XVIII of the Social Security Act, as amended, and after maximum absorption of such costs within the *remainder of the* existing limitation has been achieved.

EXPLANATION OF CHANGES IN ACTIVITY STRUCTURE

The activity structure used in the 1967 budget has been revised in the 1968 budget so that the activities used for budget purposes are the same as the three major programs administered by the Social Security Administration; namely, the old-age and survivors insurance program, the disability insurance program and the health insurance program. The latter program has been sub-divided in some of the budget exhibits to indicate separately the requirements for administering the basic hospital insurance and the supplementary medical insurance parts of the program. As in past budget presentations a separate activity is used in the 1968 budget for the contingency reserve.

PREVIOUS PRESENTATION
(FOR 1967 BUDGET)

Activity 1, Old-Age and Survivors Insurance Program
 Activity 2, Disability Insurance Program
 Activity 3, Health Insurance Program
 Activity 4, Maintenance of Earnings Accounts

Activity 5, Hearing and Appeals

Activity 6, Direction and Administrative Services

Activity 7, Contingency Reserve

PRESENT PRESENTATION
(FOR 1968 BUDGET)

Activity 1, Old-Age and Survivors Insurance Program
 Activity 2, Disability Insurance Program

Activity 3, Health Insurance Program
 Distributed to Activities 1, 2, and 3 on the basis of contribution income to the trust funds. The costs of account number functions were distributed in the proportion that total contribution income is allocated to the OASI, DI, HI, and SMI trust funds; the costs of earnings record maintenance were distributed on the basis of contribution income of the OASI, DI and HI trust funds.

Distributed to Activities 1, 2, and 3 on the basis of program work loads

Distributed to Activities 1, 2, and 3 in proportion to total manpower and money budgeted for these activities, giving a 50 percent weight to manpower and a 50 percent weight to money.

Activity 4, Contingency Reserve

Amounts available for obligation

	1967	1968
Appropriation.....	\$586,483,000	\$635,260,000
Proposed for separate transmittal:		
Pay supplemental.....	11,890,000	-----
Administrative Expenses Act supplemental.....	2,086,000	-----
Total.....	600,459,000	635,260,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Old-age and survivors insurance program.....	30,133	\$266,538,073	31,109	\$273,343,348	+976	+\$6,805,275
Disability insurance program.....	9,593	127,855,427	9,771	131,357,699	+178	+3,502,272
Health insurance program:						
(a) Hospital insurance plan.....	3,778	76,142,616	3,780	83,555,631	+2	+7,413,015
(b) Supplementary medical insurance plan.....	4,088	112,039,884	4,350	122,003,322	+262	+9,963,438
Contingency reserve.....	-----	17,883,000	-----	25,000,000	-----	+7,117,000
Total obligations.....	47,592	600,459,000	49,010	635,260,000	+1,418	+34,801,000
Unobligated balance, reserve.....	-----	-----	-----	-----	-----	-----
Total obligations and balances.....	-----	600,459,000	-----	635,260,000	-----	+34,801,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	47,592	49,010	+1,418
Full-time equivalent of all other positions.....	592	400	-192
Average number of all employees.....	145,899	147,295	+1,396
Personnel compensation:			
Permanent positions.....	\$317,426,631	\$333,124,622	+\$15,697,991
Positions other than permanent.....	2,866,568	2,003,312	-863,256
Special personal service payments.....	1,113,250	1,279,988	+166,738
Other personnel compensation.....	19,905,248	14,376,197	-5,529,051
Total personnel compensation.....	341,311,697	350,784,119	+9,472,422
Personnel benefits.....	26,115,644	26,522,792	+407,148
Travel and transportation of persons.....	5,859,026	6,197,112	+338,086
Transportation of things.....	2,077,538	1,729,117	-348,421
Rent, communications, and utilities.....	37,613,028	40,368,501	+2,755,473
Printing and reproduction.....	5,027,946	4,867,249	-160,697
Other services.....	12,635,358	12,911,530	+276,172
Payments to States.....	44,987,979	45,715,567	+3,727,588
Payments to intermediaries.....	98,300,000	110,556,000	+12,256,000
Supplies and materials.....	5,116,963	5,418,525	+301,562
Equipment.....	3,402,348	2,052,456	-1,349,892
Land and structures.....	72,564	74,564	+2,000
Insurance claims and indemnities.....	55,909	62,468	+6,559
Contingency reserve.....	17,883,000	25,000,000	+7,117,000
Total obligations by object.....	600,459,000	635,260,000	+34,801,000

¹ Excludes overtime equivalent as follows: 1967, 2,430 man-years; 1968, 1,690 man-years.

Summary of changes

1967 appropriation (including contingency).....	\$586,483,000
Proposed supplemental:	
Increased payroll costs, Public Law 89-504.....	11,890,000
Administrative expenses, Public Law 89-516.....	2,086,000
Total available for obligation, 1967.....	600,459,000
1968 appropriation (including contingency).....	635,260,000
Total change.....	+34,801,000

	Base		Changes to base	
	Man-years	Amount	Man-years	Amount
Increases:				
A. Provision for contingency of \$25,000,000.....		\$17,883,000		\$7,117,000
B. Built-in:				
1. Annualization of pay raise, Public Law 89-504.....				224,986
2. Average salary changes.....		33,929,868		5,539,488
(a) Pay above the base of grade.....		31,404,768		4,370,479
(b) Reclassifications in 1967.....		293,019		30,227
(c) Reclassifications in 1968.....				1,452,895
(d) Promotions to journeyman grades in 1967.....		3,582,075		1,579,028
(e) Promotions to journeyman grades in 1968.....				3,088,060
(f) Recruitment at less than journeyman grades in 1967.....		-2,661,015		-1,429,151
(g) Recruitment at less than journeyman grades in 1968.....				-2,241,029
(h) Pay in excess of 52 weeks.....		1,311,021		-1,311,021
Subtotal, built-in.....		33,929,868		5,764,474

	Base		Changes to base	
	Man-years	Amount	Man-years	Amount
Increases—Continued				
C. Program:				
1. For increases in work output.....	43, 774	456, 339, 430	1, 433	24, 936, 164
(a) Increase of 3.3 percent in work output of SSA: Payroll costs and other objects.....	43, 774	322, 051, 451	1, 433	11, 899, 823
(b) Increase of 13 percent in work output of health insurance intermediaries.....		98, 300, 000		12, 330, 000
(c) Increase of 2 percent in work output of State agencies making disability determinations.....		35, 987, 979		706, 341
2. For other changes in costs of intermediaries and State agencies.....				1, 244, 247
(a) Health insurance intermediaries.....				-74, 000
(b) State agencies making determinations of disability.....				1, 318, 247
3. For annualization of staff added in 1967 in State agencies participating in the health insurance program.....		9, 000, 000		1, 703, 000
4. For increased requirements for management, procedural and administrative service functions.....	4, 555	47, 849, 501	246	3, 800, 500
(a) Annualization of 612 positions added in 1967: Payroll costs.....	4, 485	41, 657, 124	247	2, 614, 998
(b) For 291 positions for increased staff and service work in 1968: Payroll costs.....			159	1, 614, 898
(c) Changes in overtime requirements, lapse rate, and use of consultants.....	70	664, 564	-160	-1, 271, 277
(d) Other objects costs.....		5, 527, 813		+841, 881
5. For continuing space and communications requirements.....		20, 053, 615		1, 859, 758
(a) Annualization of changes made in 1967: Other objects.....		20, 053, 615		986, 616
(b) Changes scheduled for 1968: Other objects.....				873, 142
6. Other changes.....		3, 727, 293		505, 479
(a) Nonrecurring work performed on a contract basis: Other objects.....		3, 099, 000		410, 000
(b) Replacement of equipment: Other objects.....		628, 293		95, 479
Subtotal, program.....	48, 329	536, 969, 839	1, 679	34, 049, 148
Gross increases.....	48, 329	588, 782, 707	1, 679	46, 930, 622
Decreases:				
A. Productivity changes.....			-1, 023	-7, 318, 257
1. Procedural changes and other cost reductions: Payroll costs and other objects.....			-440	-3, 029, 214
2. Increased production from better-trained staff: Payroll costs.....			-402	-2, 714, 823
3. Decrease in proportion of indirect production time: Payroll costs.....			-181	-1, 574, 220
B. Recruiting, training, and equipping new staff: Other objects.....		4, 101, 159		-1, 435, 911
C. Effect on additional costs of overtime due to reduction in the use of overtime: Payroll costs.....		4, 030, 218		-1, 172, 045
D. 1-time purchases and costs.....		3, 544, 916		-1, 775, 388
1. New offices and relocations of existing offices: Other objects.....		773, 076		-262, 931
2. Other 1-time costs: Other objects.....		2, 771, 840		-1, 512, 457
E. Adjustments in inventories of printed materials and supplies.....				-428, 021
Gross decreases.....		11, 676, 293	-1, 023	-12, 129, 622
Total net change.....	48, 329	600, 459, 000	+656	+34, 801, 000

EXPLANATION OF CHANGES

INCREASES

A. Provision for contingency reserve of \$25,000,000----- \$7,117,000

Of the \$35 million contingency authorized for 1967, \$17,117,000 will be used to finance workloads in program activities in excess of those contained in the President's budget for fiscal year 1967—principally those workloads resulting from (1) enactment of an amendment to the Tax Adjustment Act of 1966 (Public Law 89-368) which provided for monthly benefits to certain individuals age 72 and over who were not eligible for social security benefits; (2) higher than budgeted enrollment in the supplemental medical insurance program; and (3) other workload increases in the health insurance program. The budget request contains a contingency of \$25,000,000 for 1968, the same amount as authorized in the 1966 appropriation.

B. Built-in:

1. Annualization of pay raise, Public Law 89-504----- 224,986

This is the effect in 1968 of varying effective dates of changes in overtime pay, Government payment for employee health benefits, and other pay changes contained in Public Law 89-504.

2. Average salary changes----- 5,539,488

(a) Pay above the base of the grade----- 4,370,479

This increase is the cost of carrying within-grade promotions granted in 1967 on a full-year basis in 1968 and the cost of such promotions scheduled for 1968.

(b) Reclassifications in 1967 (annualization)----- 30,227

This is the cost of carrying for a full year in 1968 the reclassifications of positions that take place in 1967.

(c) Reclassifications in 1968----- 1,452,895

This increase is the net cost in 1968 of the reclassifications of positions expected to take place early in fiscal year 1968. Principal among these reclassifications are (1) approximately 600 claims supervisors in district offices (\$386,836), and (2) approximately 3,200 service representatives in district offices (\$1,051,003). The grade of claims supervisors is budgeted to increase from GS-10 to GS-11 as a result of increased responsibilities stemming from a realinement of functions and staff in the district offices effected during fiscal year 1966 and the enactment of the health insurance program. The grade of the service representatives is scheduled to increase from GS-5 to GS-6. These representatives handle most of the public inquiries made at SSA district offices. The enactment of the health insurance program has increased the complexity of inquiries handled by the service representatives.

(d) Promotion to journeyman grades in 1967 (annualization) -----

1,579,028

This is the cost of carrying for a full year in 1968 the promotions of trainees to journeyman grades that take place in 1967. Many of these promotions are to intermediate grade levels because the development of a fully trained technician may take 2 years or more.

EXPLANATION OF CHANGES—Continued

INCREASES—continued

B. Built-in—Continued

2. Average salary changes—Continued

(c) Promotions to journeyman grades in 1968-----	\$3, 088, 060
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This increase is the net cost in 1968 of the promotions that are expected in fiscal year 1968. The increase in 1968 is the effect of the heavier than normal recruitment in fiscal year 1966 for the 1965 amendments and a further increase in permanent staff in fiscal year 1967.

(f) Recruitment at less than journeyman grades in 1967 (annualization)-----	-1, 429, 151
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(g) Recruitment at less than journeyman grades in 1968 -----	-2, 241, 029
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Offsetting the promotions to journeyman grades is the practice of hiring new personnel at grade levels 1 or 2 grades below the journeyman grade of the job. This is especially true of the higher graded technical positions in the claims and postadjudicative processes where training in a very complicated law takes 2 or more years.

(h) Pay in excess of 52 weeks.-----	-1, 311, 021
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This is the effect of having 1 less day of pay in 1968.

C. Program :

1. For increases in work output-----	24, 936, 164
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(a) Increase of 3.3 percent in work output (1,433 man-years) -----	11, 899, 823
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Although the volume of new claims for entitlement to monthly benefits is relatively stable during the 1967-68 period, there is a continuing increase in work related to beneficiaries on the rolls, such as (1) applying changes to the beneficiary rolls; (2) providing information and assistance to beneficiaries about the retirement test and the reporting of suspension and termination events; (3) following up on continuing eligibility for disability benefits; and (4) recording the utilization of services and bills paid under the health insurance program. A composite increase of 3 percent in number of work units to be processed in 1968 over 1967 computes to an increase of 1,355 man-years and \$10,886,716. Changes in the substance of the work and nonrecurring projects requiring an additional 98 man-years and \$486,266 bring the increase in total work output to 3.3 percent.

(b) Increase of 13 percent in work output of health insurance intermediaries -----	12, 330, 000
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The increase in the work output of the health insurance intermediaries is due to the number of bills for hospitals and medical expenses that is expected to be paid. The estimates are as follows:

1967 -----	41, 842, 900
1968 -----	47, 150, 800
Change -----	+5, 307, 900

EXPLANATION OF CHANGES—Continued

INCREASES—continued

C. Program—Continued

1. For increases in work output—Continued

- (c) Increase of 2 percent in work output of State agencies making disability determinations.----- \$706,341

This increase includes (1) the cost of processing 0.7 percent more work units (\$261,024); (2) the purchase of comprehensive work evaluations of disability claimants from diagnostic workshops in a greater proportion of cases (\$274,975); and (3) minor changes in the claims adjudicative process (\$170,342).

2. For other changes in costs of intermediaries and State agencies -----

1,244,247

(a) Health insurance intermediaries-----

—74,000

This is the net effect of changes in the costs of the health insurance intermediaries due to (1) an estimated 3.2-percent increase in salaries of employees and in other operating costs such as rents (\$3,428,100); (2) an increase in the number of audits of providers of service under the hospital insurance program as this program moves into the second year of operation (\$4,297,900); (3) change in the proportion of indirect to direct costs for processing bills (—\$4,336,300); and (4) an increase in productivity due to the more experienced staff (—\$3,463,700).

(b) State agencies making determinations of disability -----

1,318,247

This increase includes (1) changes in average salaries of State agency employees (\$692,850); (2) increase in fee schedules and other factors affecting unit costs of consultative examinations (\$882,591); and (3) other changes, principally increased productivity (—\$257,194).

3. For annualization of staff added in 1967 in State agencies participating in the health insurance program-----

1,703,000

This increase is the cost of carrying for a full year in 1968 the staff added in 1967 in the State agencies have a continuing responsibility for certifying and otherwise assisting providers of services covered by the health insurance program. Average staff on duty (including the full-time equivalent of part-time personnel) is estimated to be 869 in 1968 as compared with an average of 746 in 1967.

4. For increased requirements for management, procedural, and administrative service functions-----

3,800,500

(a) Annualization of 612 positions added during fiscal year 1967 (247 man-years)-----

2,614,998

This is the cost of carrying for a full year in 1968 612 positions added in 1967 principally for administering the health insurance program, servicing the larger staff and installations of the Social Security Administration, and for integrating the 1965 amendments into the administrations' policy and procedural manuals and ADP program.

EXPLANATION OF CHANGES—Continued

INCREASES—continued

C. Program—Continued

4. For increased requirements for management, etc.—Con.

(b) For 291 positions for increased staff and service work in 1968 (159 man-years)----- \$1, 614, 898

The continued growth of the programs administered by the Social Security Administration and the growth in the total staff (about 40 percent in the 1965-68 period) require additional positions for such functions as preparing procedural instructions and ADP programs; gathering and interpreting statistical data on the health insurance programs; and providing administrative services. The 291 new positions budgeted for 1968 will be added for an average of about 55 percent of the year.

(c) Changes in overtime requirements, lapse rate, and use of consultants (—160 man-years)----- —1, 271, 277

Offsetting the 159 man-year increase and a large part of the money increases due to new position described in 4(b) above is (1) an estimated increase in average number of positions remaining vacant causing a decrease of 97 man-years and \$894,565, and (2) reduction in the use of overtime and other than permanent positions for staff and service functions amounting to 63 man-years and \$376,712.

(d) Increase in other objects costs----- 841, 881

In 1968 an increase is expected in such other objects of expense as travel of staff personnel assigned to central and regional offices to insure that the health insurance programs are being carried out properly by providers, intermediaries, and social security district offices; printing of revisions of procedures; and rentals of ADP equipment for statistical, actuarial, and other management needs.

5. For continuing space and communications requirements-- 1, 859, 758

This increase results from changes in space and communications facilities made in 1967 and scheduled for 1968 to provide adequate office facilities for an additional 3,578 permanent positions budgeted for 1967 and 1,418 more in 1968.

(a) The cost of carrying for a full year in 1968 the space and communications changes made in 1967 will be----- 986, 616

(b) The net cost in 1968 of changes and acquisitions planned for 1968 will be----- 873, 142

EXPLANATION OF CHANGES—Continued

INCREASES—continued

C. Program—Continued

6. Other changes----- \$505, 479

(a) Nonrecurring work performed on a contract basis 410, 000

Included in the 1967 estimate is \$3,099,000 for contracts with public or private agencies to perform research studies to (1) evaluate the effectiveness of the social security program in providing income maintenance of those segments of the population that have suffered an economic loss; and (2) assist the administration in developing standards and procedures for administration of various phases of the health insurance and disability programs. Most of the projects budgeted for 1967 will continue into 1968 with some variations in costs in the 2-year period. The 1968 estimate for projects to be performed on a contractual basis totals \$3,509,000 of which \$1,850,000 is for research into various phases of the health insurance programs.

(b) Replacement of equipment----- 95, 479

This increase is due to variations from year to year in the amount and types of equipment expected to deteriorate beyond efficient usability.

DECREASES

A. Productivity changes----- -7, 318, 257

1. Procedural changes and other cost reductions (-440 man-years) ----- -3, 029, 214

Cost reductions to be achieved principally through improvements in operating procedures and new or refined applications of automatic data processing methods are expected to result in savings of 440 man-years and \$3,029,214.

2. Increased production from better-trained staff (-402 man-years) ----- -2, 714, 823

This decrease results from the development of employees hired in 1966 and 1967 into fully-trained technicians. The increased production of employees also stems from the degree of familiarity of older regular staff with the new health insurance program and other provisions of the 1965 Amendments to the Social Security Act.

3. Decrease in proportion of indirect to direct production time (-181 man-years) ----- -1, 574, 220

This decrease is a corollary of the better trained staff that comes from the decline in recruitment of new staff and the increased familiarity of regular staff with the new programs. Time spent in formal and informal training and other indirect production activities decreases in proportion to the time spent in direct production with the increased stabilization of staff in 1967 and 1968.

B. Recruiting, training, and equipping new staff----- -1, 435, 911

The decrease in the number of new and vacant positions to be filled in 1968 as compared with 1967 results in lower estimates for travel to attend training sessions, for payment of change of station expenses, and for purchase of equipment and supplies for new or added positions.

EXPLANATION OF CHANGES—Continued

DECREASES—continued

- C. Effect on additional costs of overtime due to reduction in the use of overtime-----\$1, 172, 045

Following the peak workloads of fiscal year 1966, the amount of overtime used by the administration will decline during 1967 and 1968 as the staff of the administration is increased to the levels needed for the new higher plane of workload volume. This will cause a reduction in funds needed to pay the higher average cost of overtime over the average cost of regular time.

- D. One-time purchases and costs----- -1, 775, 388

1. The acquisition of added space and communications facilities, the relocation of existing offices, and the establishment of new offices require one-time costs of alterations, drayage, and installation charges. These costs decline in 1968 since the number of changes in office facilities is expected to be less in 1968 than in 1967. This will cause a reduction of \$262,931.

2. The general leveling off in 1967 and 1968 of manpower, space, and workload requirements results in decreasing amounts of one-time purchases of supplies and equipment (—\$389,457). The remaining decrease (—\$1,123,000) is due to the purchase of ADP equipment in 1967.

- E. Adjustments in inventories of printed materials and supplies--- -428, 021

This decrease is due mainly to the purchase in 1967 of initial inventories of health insurance forms for use of providers, intermediaries, and district offices.

	Estimate to Bureau of Budget	Budget estimate to Congress	House allowance	Senate allowance	Appropriation
1956-----	\$93, 502, 000	\$93, 229, 000	\$89, 229, 000	\$91, 229, 000	\$91, 229, 000
1957-----	122, 644, 000	122, 211, 000	121, 500, 000	121, 500, 000	121, 500, 000
1958-----	145, 455, 000	145, 085, 000	144, 085, 000	144, 085, 000	144, 085, 000
1959-----	176, 716, 000	173, 532, 000	171, 221, 000	171, 221, 000	171, 221, 000
1960 ¹ -----	214, 337, 000	191, 600, 000	191, 600, 000	191, 600, 000	191, 600, 000
1961-----	230, 747, 283	237, 660, 000	232, 200, 000	232, 200, 000	232, 200, 000
1962-----	283, 625, 000	280, 625, 000	267, 570, 000	267, 570, 000	267, 570, 000
1963-----	296, 142, 350	291, 714, 000	286, 398, 300	296, 398, 300	286, 398, 300
1964-----	325, 329, 000	322, 679, 000	317, 900, 000	317, 900, 000	317, 900, 000
1965-----	341, 118, 000	333, 626, 000	331, 626, 000	331, 626, 000	331, 626, 000
1966-----	500, 134, 000	491, 341, 000	488, 341, 000	488, 341, 000	488, 341, 000
1967-----	592, 958, 000	587, 438, 000	586, 483, 000	586, 483, 000	586, 483, 000
1967 proposed supplementals for-----					
Civilian pay increase-----	11, 890, 000	11, 890, 000	-----	-----	-----
Administrative Expenses Act-----	2, 086, 000	2, 086, 000	-----	-----	-----
1968-----	651, 878, 000	635, 260, 000	-----	-----	-----

¹ Beginning with fiscal year 1960 the budget estimates and appropriations have included a contingency fund amount.

GENERAL SUMMARY AND HIGHLIGHT STATEMENT

AUTHORITY AND SCOPE OF PROGRAM

The Social Security Administration is responsible for administering national programs of old-age, survivors, disability, and health insurance. The old-age, survivors, and disability programs have their statutory basis in Title II of the Social Security Act, as amended. The relatively new health insurance program is administered under the provisions of Title XVIII of the Social Security Act. The basic objective of the overall social security program is to provide individuals and families a measure of protection against the risks of economic loss resulting from old-age, disability, or death and, more recently, the high costs of health care.

Income is provided to retired and severely disabled workers and their dependents, and to dependent survivors of deceased workers, in the form of monthly payments, generally known as "social security benefits." These benefits are related to the worker's earnings on which social security tax contributions have been made. The health insurance program (consisting of a hospital insurance

plan and a medical insurance plan) helps eligible older people finance the costs of hospitalization and related care, physicians' services, and certain other medical and health services.

SOURCE OF FUNDS

The old-age, survivors, and disability insurance programs, and the hospital insurance plan are supported by tax contributions collected from employees, employers, and the self-employed in jobs, businesses, and professions covered by social security. The scheduled combined rate of contributions from each employer and employee is 4.2 percent in calendar year 1966 and 4.4 percent in calendar years 1967 and 1968. The combined rate for the self-employed is 6.15 percent in calendar year 1966, and 6.4 percent in calendar years 1967 and 1968. These rates are applied to a maximum of \$6,600 in earnings.

For those aged who are not insured under social security or railroad retirement, but who are entitled to hospital insurance benefits, the cost of hospital insurance payments and associated administrative costs is borne by the general funds of the Treasury. The medical insurance plan is supported by equal contributions by the participants and by the general funds. The rate to be paid by each source is established through calendar year 1967 at \$3 per month. This rate will be subject to redetermination at the end of 1967 and every two years thereafter.

Social security tax contributions are collected by the Internal Revenue Service, with the exception of contributions from State and local government employees which are collected by the Social Security Administration, and deposited in the trust funds—the "Federal Old-Age and Survivors Insurance Trust Fund" created in 1939, the "Federal Disability Insurance Trust Fund" created in 1956, and the "Federal Hospital Insurance Trust Fund" created in 1965. The contributions by the participants in the voluntary medical insurance plan are collected by the Social Security Administration and deposited, together with matching contributions from the general funds of the Treasury, in the "Federal Supplementary Medical Insurance Trust Fund" which was also created in 1965. Benefit payments and administrative costs are paid from the trust funds. Funds not currently required for expenses are invested in U.S. Government securities and the interest earned is used to support the programs.

GROWTH OF PROGRAM

Since the Social Security Act became law on August 14, 1935, the Congress has passed numerous amendments to the Act which made significant changes in the scope and character of the program, the most recent change being the Social Security Amendments of 1965. Over the years the program has been so strengthened and broadened that today nine out of ten jobs are covered by the cash benefit program, and almost all persons aged 65 or over are insured against most hospital costs and, if they choose to enroll, against a substantial part of other medical costs.

The growth of the program is best illustrated by a comparison of the number of beneficiaries in payment status and the amount of benefits paid. At the end of fiscal year 1950, 2,930,357 persons were receiving monthly benefits; by the end of fiscal year 1968, an estimated 24,334,000 individuals will be receiving monthly benefits. In addition an estimated 19,530,000 aged will be eligible for hospital insurance benefits and an estimated 17,923,000 will have enrolled for supplementary medical insurance benefits. Benefit payments in fiscal year 1950 amounted to \$727,266,479; in fiscal year 1968, an estimated \$25,638,000,000 in cash and medicare benefits will be paid.

ESTIMATED WORK OUTPUT

Excluding the effect of legislated program changes, the size of the Administration's job in any given year is largely dictated by economic and demographic factors outside its control. The estimated effect of these factors on the size of the Administration's job is determined by the actuaries and economists who prepare the basic work-load estimates. These estimates then serve as the basis for the Administration's budget estimates, which are developed primarily by a work-load production-rate method.

SSA proper

Primarily as a result of the enactment of the 1965 amendments, the work output of the Administration increased in 1966 by 45 percent over the 1965 level.

In fiscal year 1967 the Administration will continue to process the backlog of work created by the rapid growth effects of the 1965 amendments. This will also be the first year of operation of the health insurance program, which went into effect July 1, 1966. A 14.8 percent increase in work output of the Administration in fiscal year 1967 as compared with fiscal year 1966 is expected. The increase is accounted for principally by the automatic recomputation of benefits which was authorized by the 1965 amendments, the substantial carry-over of other work from 1966, and the added work resulting from an amendment to the Tax Adjustment Act of 1966 which provided for payment of monthly benefits to certain persons reaching age 72 before 1972.

Work output in 1968 is expected to increase by 3.3 percent. This reflects a more normal rate of growth in work loads which is due principally to the continuing upward trend in the number of persons receiving monthly benefits and hospital and medical services under the program.

State agencies (disability program)

The work output of State agencies under contract with the Administration to make determinations of disability increases by 15 percent in 1967 over 1966 and by 2 percent in 1968 over 1967. The year-to-year increase in 1967 over 1966 is greater than that projected for 1968 over 1967 because of the backlog of disability claims carried into 1967 in the district offices which will be released to the States during 1967.

Intermediaries (health insurance program)

The bill payment and certain other administrative functions under the health insurance program are performed by the Blue Cross Association, Blue Shield organizations, and private insurance companies. Fiscal year 1967 will be the first year of operation of these organizations. The volume of work to be handled by the intermediaries during fiscal year 1968 is estimated to be 13 percent greater than in fiscal year 1967 because: (1) 1968 will be the first full year for coverage of extended care facilities under the hospital insurance plan; (2) the number of beneficiaries serviced will increase; and (3) the volume of bills under the supplementary medical insurance plan will be greater because the \$50 deductible provision is in effect twice during fiscal year 1967 but only once during fiscal year 1968.

MANPOWER

During fiscal year 1966, the Administration used 48,473 man-years to handle the unprecedented increase in work load stemming from the 1965 amendments. Of this total, 6,372 man-years were obtained through use of overtime. In fiscal year 1967, total manpower budgeted amounts to 48,329 man-years, or .3 percent less than used in fiscal year 1966. However, in fiscal year 1967 the number of man-years obtained through use of overtime will decline and the number of man-years obtained from employment in temporary and permanent positions will increase.

Total manpower budgeted for 1968 amounts to 48,985 man-years, an increase of 1.4 percent over the 1967 estimate. A further decline in the use of overtime is also projected for 1968. Of the total manpower budgeted for 1968, only 1,690 man-years will be obtained through use of overtime.

PRODUCTIVITY

Fiscal year 1966 actual experience

During fiscal year 1966, the Administration saved 2,696 man-years and \$19,488,000 because of higher productivity than experienced in 1965. This represented a 5.6 percent increase in productivity over 1965. The heavy amendment work loads with a high use of overtime by experienced personnel were the main factors responsible for the increase.

Fiscal year 1967

The marked increase in productivity indicated for 1967 is due principally to procedural changes. The most significant change is in the handling of recomputations of benefit amounts, now called the annual earnings reappraisal operation. The provision in the 1965 amendments which eliminated the requirement for a beneficiary to file an application for recomputation of benefits and new procedures for handling this work on ADP equipment account for about 70 percent of the 15.2 percent increase in productivity over 1966.

Fiscal year 1968

A more modest increase in productivity is projected for 1968. In terms of 1967 productivity, it is expected that 1968 will show a 1.9 percent improvement. Contributing to the increases will be further gains in the use of ADP equipment, a decrease in the training that was necessitated by the 1965 amendments, and a maturing of the many new employees recruited in 1966 and 1967.

Fiscal years 1967 and 1968 estimates compared with fiscal year 1966 experience

At 1966 overall productivity, 1967 and 1968 work output would require 55,656 man-years and 57,476 man-years respectively, as compared to 48,329 and 48,985 budgeted. Therefore, increased productivity accounts for man-year savings of 7,327 in 1967 and 8,491 in 1968. Based on average payroll cost per man-year for each year, the money savings amount to \$55,694,000 in 1967 and \$65,398,000 in 1968.

JUSTIFICATION BY ACTIVITY

ACTIVITY 1.—OLD-AGE AND SURVIVORS INSURANCE PROGRAM

Summary of salaries and expenses, 1967 and 1968

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits ¹ -----	30, 133	\$226, 125, 874	31, 109	\$231, 440, 785	+976	+\$5, 314, 911
Other expenses-----		40, 412, 199		41, 902, 563		+1, 490, 364
Total-----	30, 133	266, 538, 073	31, 109	273, 343, 348	+976	+6, 805, 275

¹ Average manpower estimates are as follows:

	1967 estimate	1968 estimate	Increase or decrease
Regular staff-----	29, 290	30, 028	+738
Overtime equivalent-----	1, 460	1, 118	-342
Total-----	30, 750	31, 146	+396

Scope of program

Funds requested for Activity 1 provide for: (1) Making the initial determination of eligibility of workers, wives, widows, children, and dependent parents for old-age and survivors benefits; (2) re-evaluating the initial determination when requested by the claimant; (3) certifying monthly payments to persons entitled to benefit payments, and automatically recomputing benefit amounts; and (4) investigating the continuing entitlement of beneficiaries, and evaluating the performance of representative payees. This activity also contains a distributive share of functions which support all social security programs; namely, the maintenance of records of earnings of workers covered by the social security program, the overall direction of the program, and administrative services.

*Work loads**A. Assumptions*

Because of the very heavy work loads resulting from the 1965 amendments, higher than normal pending work loads were carried into fiscal year 1967. It is expected that these backlogs will be largely eliminated during 1967 and that by 1968 the input and output of work will be virtually equal. Also, in 1967, a new, largely one-time, work load will be handled as a result of a provision of the Tax Adjustment Act of 1966, enacted March 15, 1966, which is commonly referred to as the Prouty Amendment. This amendment provides for payment of monthly benefits to certain persons aged 72 and over who are not insured for social security benefits. (The cost of these benefits and related administrative expenses will be financed by general fund reimbursements to the OASI trust

fund.) An estimated 790,000 individuals will be on the monthly benefit rolls at the end of 1967 as a result of this provision of law.

The long-range estimates of this program show that the number of persons on the benefit rolls will continue to increase each year well into the next century. This continued growth will be accompanied by an increased volume of post-adjudicative work—adjusted awards, changes of address, and beneficiary inquiries. The actual and estimated growth in beneficiaries and amounts of benefits paid is shown below:

Fiscal year	Beneficiaries in current pay status (end of year)	Benefits paid during year
1941.....	336,240	\$64,341,885
1950.....	2,930,357	727,266,479
1960.....	13,740,278	10,269,708,577
1965.....	18,508,707	15,225,894,366
1966.....	19,850,616	18,071,453,302
1967 estimate.....	21,482,000	18,964,000,000
1968 estimate.....	22,183,000	19,928,000,000

B. Estimated work units

Total work units to be processed in this activity in fiscal year 1968 increase 3.1 percent over fiscal year 1967. The increase results almost entirely from the continued growth of post-adjudicative work loads and beneficiary inquiries. The principal work loads in this activity are:

	1967 estimate	1968 estimate	Difference, 1968 over 1967
Claims applications:			
Received.....	3,478,000	3,515,000	+37,000
Processed.....	3,617,000	3,515,000	-102,000
Recomputed benefits (annual earnings reappraisal).....	2,010,000	1,820,000	-190,000
Changes to beneficiary rolls.....	8,707,000	9,327,000	+620,000
Claims inquiries.....	13,941,000	13,658,000	-283,000
Beneficiary inquiries and assistance.....	18,633,000	19,334,000	+701,000

C. Additional work

During fiscal year 1968 the Administration plans to do the following non-recurring projects: (1) Payment center files will be purged of claims material no longer needed for immediate reference. A total of 75 man-years and \$330,000 is budgeted for this work; and (2) various microfilm records of the Bureau of Data Processing and Accounts require cleaning to avoid deterioration. This activity's share of the cost of this project is 16 man-years and \$83,466.

Budget estimate

The total costs for this activity are estimated at \$273,343,348 in 1968 compared with \$266,538,073 in 1967. The budgeted increase of \$6,805,275 is composed of many plus and minus factors. Significant increases occur in work output which compute to a need for an additional 971 man-years and \$6,923,591 and in built-in salary changes amounting to \$3,411,965. Additional manpower for functions not budgeted for on a work-load unit basis accounts for an increase of 34 man-years and \$619,861. Additional space and communications facilities will require an increase of \$1,283,900. These increases are partially offset by a saving of 609 man-years and \$4,057,577 resulting from procedural improvements, additional automatic data processing applications, and improved employee productivity because of a better-trained staff. The additional cost of overtime decreases by \$381,906, and intermittent and miscellaneous costs decrease by \$994,513.

ACTIVITY 2.—DISABILITY INSURANCE PROGRAM

Summary of salaries and expenses, 1967 and 1968

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits ¹	9, 593	\$79, 669, 681	9, 771	\$81, 085, 775	+178	+\$1, 416, 094
Payments to States.....		35, 987, 979		38, 012, 567		+2, 024, 588
Other expenses.....		12, 197, 767		12, 259, 357		+61, 590
Total.....	9, 593	127, 855, 427	9, 771	131, 357, 699	+178	+3, 502, 272

¹ Average manpower estimates are as follows:

	1967 estimate	1968 estimate	Increase (+) or decrease (-)
Regular staff.....	9, 143	9, 480	+337
Overtime equivalent.....	458	253	-205
Total.....	9, 601	9, 733	+132

Scope of program

Funds requested for Activity 2 provide for: (1) Making the initial determination of eligibility of disabled workers, and their dependents, for cash benefits; (2) re-evaluating the initial decision upon the claimant's request; (3) making changes to the beneficiary rolls to assure proper and prompt payment of benefits; and (4) investigating the beneficiary's continuing eligibility for benefits. The cost of this activity also include a distributed share of functions that support all activities, namely the maintenance of lifetime earnings records of covered workers, the direction of the social security program, and various administrative service activities.

*Work loads**A. Assumptions*

The Social Security Amendments of 1965 made several changes in the disability program—the principal one being the liberalization of the definition of disability to permit payment of cash benefits to an individual who is completely disabled for 12 months or more.

Following heavy claims receipts in 1966, due to these amendments, the number of applications to be filed by disabled workers and their dependents will decrease in 1967. Claim receipts will increase again in 1968, reflecting the normal growth of the disability program, including the ongoing effect of the 1965 amendments, as the population insured for disability rises.

The long-range actuarial cost estimates of the disability program show that the number of persons on the benefit rolls will continue to rise each year until well into the next century. The growth in the benefit rolls will necessarily be accompanied by an increased volume of changes to the beneficiary rolls. In addition, the liberalized definition of disability will further increase the number of investigations and determinations of continuing disability required because of possible medical improvement.

Work loads processed in 1967 will include backlogs carried over from 1966 as well as current receipts. As a result, the processed load in 1968 for this activity will increase only moderately over 1967.

The increase in the number of individuals being paid disability benefits since cash benefits were first payable in fiscal year 1958 reflects the continuing growth in the volume of work to be processed in this activity:

Fiscal year	Beneficiaries in current pay status (end of year)	Benefits paid during year
1958.....	200,375	\$168,419,534
1960.....	521,550	528,303,887
1965.....	1,648,176	1,392,190,265
1966.....	1,886,644	1,721,133,199
1967 estimate.....	2,027,000	1,845,000,000
1968 estimate.....	2,151,000	1,965,000,000

B. Estimated work units

A 3.3 percent increase over fiscal year 1967 in work-load units processed by the components of the Social Security Administration is expected in fiscal year 1968. During the same period, the volume of work units handled by State agencies under contractual agreements will increase 0.7 percent.

Principal work loads in this activity are :

	1967 estimate	1968 estimate	Difference, 1968 over 1967
Disability claims (applications):			
Received.....	821,000	844,000	+23,000
Processed.....	841,814	842,000	+186
Determinations of disability (States):			
Received.....	455,430	452,900	-2,530
Processed.....	461,460	453,100	-8,360
Reconsiderations of disability determinations (States):			
Received.....	65,900	66,600	+700
Processed.....	65,100	67,100	+2,000
Requests for hearings:			
Received.....	21,665	22,500	+835
Processed.....	20,920	22,525	+1,605
Changes to disability beneficiary rolls:			
Received.....	1,298,900	1,406,900	+108,000
Processed.....	1,307,000	1,415,000	+108,000
Continuing disability determinations:			
Received.....	85,000	95,800	+10,800
Processed.....	85,000	95,800	+10,800

C. Additional work

Further use will be made in 1968 of comprehensive work evaluations to determine the ability of claimants to engage in substantial gainful activity. The use of these evaluations, which are performed by vocational consultants or in a work-related setting at a diagnostic workshop, was first funded in fiscal year 1966. The proportion of disability claims for which comprehensive work evaluations will be purchased is estimated to increase from 0.6 percent in 1967 to 1 percent, or 6,000 cases, in 1968.

Budget estimate

Payments to State agencies increase by \$2,024,588 in 1968 because of the following major factors: \$261,024 to process the 0.7 percent increase in work units; \$274,975 to procure comprehensive work evaluations in a greater proportion of cases; \$170,342 to finance, principally, added development time in making disability determinations; \$692,850 for mandatory salary increases; and \$882,591 for an estimated increase in the average cost of consultative examinations from \$57.00 in 1967 to \$60.00 in 1968 per case requiring medical consultative examination(s) and from \$110.00 in 1967 to \$120.00 in 1968 per case requiring a comprehensive work evaluation. (These increases are due primarily to fee schedule changes.) Other factors, principally higher productivity from a more experienced State agency staff, result in a decrease of \$257,194.

Social Security Administration

The year-to-year increase of \$1,477,684 budgeted for the organizational components of the Administration is a net of many plus and minus factors. The

major increases are: (1) the computed cost of a 3.3 percent increase in work output, \$2,200,871; (2) mandatory salary changes, \$904,128; (3) the annualization of positions, not budgeted for on a work-unit basis, established in 1967 and new positions budgeted for 1968, \$514,541; (4) space and communications requirements for a larger staff, \$205,052; and (5) other miscellaneous costs, \$77,477. Budgeted decreases result from: (1) Projected increases in productivity, \$1,476,663; (2) lower expenditures for recruitment, opening new offices and other one-time and intermittent costs, \$578,216; and (3) a reduction in the extra cost of overtime, \$369,506.

ACTIVITY 3—HEALTH INSURANCE PROGRAM
Summary of salaries and expenses, 1967 and 1968

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits ¹	7,866	\$61,631,792	8,130	\$64,780,359	+264	+\$3,148,567
Payments to States.....		9,000,000		10,703,000		+1,703,000
Payments to intermediaries.....		98,300,000		110,556,000		+12,256,000
Other expenses.....		19,250,708		19,519,594		+268,886
Total.....	7,866	188,182,500	8,130	205,558,953	+264	+17,376,453

¹ Average manpower estimates are as follows:

	Positions	Positions	Positions
Regular staff.....	7,467	7,786	+319
Overtime equivalent.....	511	319	-192
Total.....	7,978	8,105	+127

Scope of program

Funds requested for Activity 3 provide for the administration of a hospital insurance plan and a voluntary medical insurance plan. As provided in the Social Security Amendments of 1965 (Public Law 89-97), enacted July 30, 1965, coverage under both plans is extended to essentially all individuals aged 65 and over. Benefits under both plans became effective on July 1, 1966, except for services in post-hospital extended care facilities which became effective on January 1, 1967. The hospital insurance plan affords basic protection against the costs of inpatient hospital services, outpatient diagnostic services, post-hospital home health services, and post-hospital extended care services. The medical insurance plan covers 80 percent of the costs of physicians' services, home health services, and other related medical services, after a \$50 yearly deductible amount.

The administrative costs budgeted under this activity include those incurred directly by the Social Security Administration in directing the program, servicing the public, collecting premiums and maintaining records of utilization of services, and the costs of contracts with private organizations and State agencies to which certain administrative functions under the program have been delegated. Also distributed to this activity is a proportionate share of costs common to all budget activities; namely, the direction of the social security program, common administrative service costs, and the establishment and maintenance of accounts of earnings of workers covered under the social security program.

Work loads

A. Assumptions

As of July 1, 1966, 18,466,000 of the approximately 19,000,000 persons aged 65 and over were entitled to hospital insurance benefits. It is estimated that the number of individuals entitled to these benefits will increase to 19,106,000 by the end of fiscal year 1967 and to 19,530,000 at the end of fiscal year 1968.

Enrollment in the medical insurance plan is voluntary. Initial actuarial estimates as to the number of individuals who would elect to enroll ranged

from a low of 80 percent of those eligible to a high of 95 percent; the 1967 legislative budget estimates were based on 80 percent participation. Actually, 17,300,000 people, or about 90 percent of those eligible, elected to enroll in the program by July 1, 1966. The estimates for the end of fiscal years 1967 and 1968 assume that 17,627,000 and 17,923,000 persons, respectively, will be enrolled in the medical insurance plan.

B. Estimated work units

The volume of work-load units to be processed in fiscal year 1968 by the staff of the Social Security Administration is expected to increase by 2.6 percent as compared with fiscal year 1967. This change stems primarily from: (1) The larger number of individuals entitled to benefits under the two plans; (2) the coverage of extended care facilities on a full-year basis in fiscal year 1968; and (3) the effect on volume of bills of the \$50 deductible in the medical insurance plan applying only once in fiscal year 1968 but twice in fiscal year 1967.

The principal work loads to be handled by the Social Security Administration are:

	1967 estimate	1968 estimate	Difference, 1968 over 1967
Health insurance inquiries.....	12,457,000	12,970,000	+153,000
Assistance to beneficiaries filing medical insurance payment claims.....	3,747,000	3,945,000	+198,000
Bills posted to hospital insurance utilization records.....	7,898,000	8,712,000	+814,000
Bills posted to medical insurance utilization records.....	34,826,000	39,423,000	+4,597,000
Collection of premiums (excludes group payments and deduc- tions from benefits).....	9,557,555	7,777,000	-1,780,555

C. Work performed by intermediaries and State agencies

As provided in the 1965 amendments, the Secretary has contracted with various private organizations (and in some instances public agencies) to serve as intermediaries for the Social Security Administration in the conduct of the health insurance program. The responsibilities of these intermediaries include the bill payment function, the audit of records of providers of services, assisting providers in the application of safeguards against unnecessary utilization of services, and serving as a channel of communication between the Administration and providers.

Under the hospital insurance plan, providers of service nominate the organizations they choose to serve as their intermediaries; some providers have elected to deal directly with the Administration. In fiscal year 1968, it is estimated that intermediaries under this plan will be responsible for paying 12,062,400 bills as compared with 10,835,400 in fiscal year 1967. The budgeted cost per bill paid is \$3.66 in 1968 compared with \$3.47 in fiscal year 1967. The increase in 1968 results from 1968 being the first full year for audit of all providers of the service.

Under the medical insurance plan the Secretary has contracted with private organizations, generally according to geographical area, to act as intermediaries. It is estimated that these intermediaries will make payments on 35,088,000 bills in fiscal year 1968, an increase of 4,081,000 over fiscal year 1967. The budgeted bill rate for these intermediaries is \$1.89 in 1968 compared with \$1.96 in 1967—the decrease resulting principally from the indirect costs not increasing at the same rate as the work-load increase. For both the hospital and medical insurance intermediaries, the budgeted bill rates for 1968 are based on the assumption that increased salary and other operating costs will be offset by productivity savings.

Under agreements with the Secretary, State agencies are responsible for the inspection and certification of hospitals, home health agencies, extended care facilities, and independent laboratories as providers of service. On a continuing basis, the States will determine compliance of providers of service with conditions of participation, and will assist institutions and agencies in establishing and maintaining the necessary fiscal records and utilization review procedures. Based on the number of facilities which are expected to require extensive consultation, it is estimated that State agencies will service approximately 23,500 providers of service in fiscal year 1967 and 25,200 in fiscal year 1968.

Budget estimate

Total costs estimated for Activity 3 in fiscal year 1968 amount to \$205,558,953 as compared with \$188,182,500 in 1967, an increase of \$17,376,453.

Intermediaries

A total of \$110,556,000 is budgeted in fiscal year 1968 for payments to intermediaries, an increase of \$12,256,000 over 1967. Of this total change, \$6,548,000 is required for intermediaries under the hospital insurance plan and \$5,708,000 is budgeted for increased needs of intermediaries responsible for carrying out medical insurance plan functions.

State agencies

Estimated costs of State agencies participating in the health insurance program are expected to increase from \$9,000,000 in 1967 to \$10,703,000 in fiscal year 1968. The additional requirements in 1968 stem from the annualization of staff added by State agencies in fiscal year 1967. While end-of-year staff in both fiscal years will number 620 full-time positions and 431 part-time positions, average manpower usage will increase from 746 in 1967 to 869 in 1968 because of the anticipated increase in the number of providers to be serviced.

Social Security Administration

The net year-to-year increase budgeted for Administration components amounts to \$3,417,453. The major increases are: (1) \$2,775,361 for a 2.7 percent increase in work output; (2) \$1,274,833 for built-in salary changes; (3) \$2,666,097 for requirements for management, procedural, research, and administrative service functions; and (4) \$370,798 for additional space and communications requirements. The decreases are: (1) \$1,784,017 for productivity improvements; (2) \$608,733 for printing inventory adjustments; (3) \$483,533 for a reduction in one-time purchases and costs; (4) \$420,633 in the extra cost of overtime due to a reduction in the use of overtime; and (5) \$440,239 for decreased requirements for recruiting, training, and equipping new staff.

ACTIVITY 4—CONTINGENCY RESERVE

Summary of salaries and expenses, 1967 and 1968

	1967 estimate	1968 estimate	Increase or decrease
Undistributed.....	\$17,883,000	\$25,000,000	+\$7,117,000
Total contingency reserve.....	17,883,000	25,000,000	+7,117,000

This activity provides a contingency reserve in the event the Administration's work loads or mandatory costs of agencies or organizations with which agreements have been made to participate in the administration of Title XVIII of the program are greater than anticipated in the budget estimates.

The 1967 budget included a contingency reserve of \$35,000,000. In fiscal year 1967, \$17,117,000 of this reserve will be needed to finance higher than budgeted work loads in SSA proper and private agencies acting as intermediaries in the health insurance program. The contingency reserve contained in the 1968 request will establish this reserve at the same \$25,000,000 level authorized by the Congress for fiscal year 1966.

PREPARED STATEMENT

Senator HILL. Mr. Ball of the Social Security Administration, maybe you would like to testify next.

Mr. BALL. Mr. Chairman, thank you very much. I have a rather long statement here, Mr. Chairman. Would it be satisfactory if I had that in the record and summarized it?

Senator HILL. All right. We will have it appear in full in the record and then you summarize it, sir.

(The statement follows:)

SALARIES AND EXPENSES (TRUST FUND)

Mr. Chairman and members of the committee, with your permission I will talk first about our request for funds for salaries and expenses, and then take up our request for planning funds for construction at our headquarters complex

in Baltimore. These administrative expenses and construction costs are financed from the trust funds and do not affect the general funds of the Treasury. Later, I will discuss general fund appropriation requests for payments to the trust funds for health insurance and for military service credits.

The request for salaries and expenses financing from the old-age and survivors, the disability, and the health insurance trust funds is for a basic amount of \$610,260,000, plus a \$25,000,000 contingency fund, which will be available only to the extent that work loads or mandatory costs of agencies or organizations participating under contract in the administration of the program are greater than anticipated in the budget estimate. The total request is for \$635,260,000. The \$610,260,000 we are requesting for operating expenses provides for all administrative expenses of the Social Security Administration as well as State agencies and other third parties for carrying out the three major programs: retirement and survivors insurance, disability insurance, and health insurance.

The social security program has been very greatly expanded by legislation in recent years, particularly the amendments of 1965. The system today provides two kinds of benefits: cash benefits related to earnings, payable when earnings stop because of retirement, disability or death of the family earner, and insurance against a substantial part of the cost of medical care after age 65. Nearly all benefits are payable on the basis of earned right under a contributory program which is almost universal in coverage. When we appeared here last year, the 1965 amendments to the old-age, survivors, and disability insurance programs were relatively new; we had had no actual operating experience under the health insurance programs. At that time I spoke of some of our estimates and expectations for these entirely new programs. I would like to give you a brief report on our experience after a full year of operations.

CASH BENEFIT PROGRAM

Although medicare is much more in the news, the 1965 amendments affected millions of others in addition to those who became eligible for health insurance benefits. The most immediate effect of these amendments was a seven percent increase in benefits retroactive to January 1965 for 21,000,000 beneficiaries on the cash benefit rolls. Within six weeks of enactment of the 1965 amendments, these beneficiaries received a check for the nine-month retroactive increase plus their regular benefit checks at the higher amount.

One of the major provisions of the amendments authorized payment of monthly cash benefits to the children of retired, disabled, or deceased workers until age 22 if the children are full-time students. Previously, benefits were terminated when a child became 18 years old. Approximately 527,000 children were awarded benefits in fiscal year 1966 under this provision. At the end of the fiscal year we were continuing to pay 391,000 of them at the rate of about \$24,800,000 per month. An additional 19,400 persons were awarded disability benefits in fiscal year 1966 under the liberalized definition of disability. This new definition made eligible those persons whose disabilities are expected to last at least one year. Under the old definition it was required that the disability be expected to be of long-continued and indefinite duration. At the end of fiscal year 1966, we were paying 15,750 people cash benefits under this provision at the rate of approximately \$958,000 per month. These disabled persons would not have been eligible under the pre-amendment law.

The new amendments also reduced the age at which we can pay widows of family earners from 62 to 60, with an appropriate increase in the actuarial reduction. In fiscal year 1966 we awarded monthly cash benefits to 158,000 widows under the age of 62 and at the end of the year we were paying 154,000 at the rate of approximately \$12,000,000 per month.

A very great improvement in the service we provide to the public which insured that individuals actually receive certain benefits the law intends them to have and also a great improvement in our own operations was made possible by a technical amendment included in the Social Security Act Amendments of 1965. This amendment had a twofold effect. First, taking advantage of new capabilities made possible by well-conceived use of our computers, it provided that the Social Security Administration recompute annually a beneficiary's monthly benefit amount taking into account earnings that were not considered in the initial computation and other factors affecting the benefit amount. In the past, it was up to the beneficiary to apply for a recomputation of benefits. The major problem here was that the provision of law was so complex that relatively few people were aware of their entitlement.

As a result of this change in law, we expect to recompute the monthly benefits of 2,000,000 beneficiaries in the current fiscal year (over 1,000,000 have already been recomputed) and 1,820,000 beneficiaries in fiscal year 1968. The amendment requires the Social Security Administration to take this action. Because the Social Security Administration is now able to assume this burden, the law eliminated the requirement that the claimant file an application in each recomputation case and the operational steps previously required to process such applications. This elimination and the automation of most of the recomputation process made it possible to reduce the cost of the operation by \$45,000,000 in 1967 and \$41,000,000 in 1968.

Under the so-called Prouty amendment contained in the Tax Adjustment Act of 1966 special payments out of general revenues are being made to some 650,000 people 72 or older. These payments go to persons who have little or no credit for work covered by social security and who do not receive public assistance payments or sizable government pensions.

These and other changes in the law have expanded the old-age, survivors, and disability insurance programs to a point where we paid cash benefits in fiscal year 1966 of nearly \$20,000,000,000 to almost 22,000,000 beneficiaries, more than one out of every nine persons in the nation. Of these, about 800,000 people were added to the rolls as a direct result of the 1965 amendments. Under these two programs, the old-age and survivors insurance program and the disability insurance program, beneficiaries are expected to increase to 23,500,000 at the end of this fiscal year and to 24,300,000 at the end of fiscal year 1968. Benefit payments for those two years are expected to reach \$20,809,000,000 and \$21,893,000,000 respectively. It is very significant that social security is the only pension payment available to about 85 percent of the recipients.

HEALTH INSURANCE PROGRAM

Naturally, the health insurance program has accounted for a great deal of our time and effort since the passage of the amendments. I believe that few if any administrative undertakings on the civilian side of government have required the understanding and cooperation of so many diverse groups, institutions, and people as has the health insurance program. The preparation for and operation of the program has involved, on the government side, the employees of the Social Security Administration, the Public Health Service, the Welfare Administration, and 50 different State health agencies. The private sector is also deeply involved with participation by about 6,700 hospitals, 200,000 practicing physicians, almost 1,500 home health agencies, 3,700 extended care facilities, 74 Blue Cross organizations, 33 Blue Shield plans, 16 insurance companies, several independent health insurers, and over 75 group practice pre-payment plans.

This effort was not disproportionate to the objective; although it has been in operation for less than a year, health insurance for the aged is closing one of the major gaps in the economic security of the elderly. In the first nine months of operation, about 4,000,000 admissions to hospitals and extended care facilities have been made under the medicare program. In return for the services performed, we have paid out close to \$1,600,000,000. About 13,500,000 bills for physician and related services have been submitted, and we have paid out more than \$350,000,000 for these services covered by the supplementary medical insurance program.

HOSPITAL INSURANCE

We have been working very closely with the nation's hospitals in getting the hospital insurance program underway. About 6,700 hospitals are now participating—representing about 98 percent of the nation's short-term general hospital beds. Since July there has been an increase, about the size we expected, in the occupancy rate of these hospitals, so that today about 30 percent of the hospital beds in the country are occupied by elderly people as compared to about 25 percent before medicare.

The initial period of operation required a great deal of attention in ironing out administrative procedures. Under both the hospital and the medical insurance parts of medicare, private organizations under contract with the Administration serve as intermediaries in performing major administrative functions. The intermediaries who were nominated by the participating hospitals are now servicing the program are Blue Cross, which covers about 90 percent of the hospitals, and 12 other organizations which take care of the remainder. In the early months of the program there were problems with timely reimbursement to the

hospitals. While there are still some hospitals that are not entirely current in their billing, we have avoided serious financial effects on their operations by making accelerated payments on an estimated basis. For the most part we believe we are over the hump in this hospital reimbursement area. We reached in December what we expect to be about the average monthly level of payments for the going program—\$175,000,000.

There are two areas in the hospital reimbursement process which are persistent sources of administrative headaches, although for most hospitals they represent taking together a relatively small share of the money involved. In reimbursement for outpatient services and for the services of hospital-based physicians, the provisions of the law create troublesome problems to the providers, intermediaries, and ourselves because of the necessity of dividing charges between the two programs. We are recommending legislative changes to ease these problems.

MEDICAL INSURANCE

Last year we outlined the steps we were taking to accomplish the massive and important job of insuring that the over 19,000,000 aged people eligible for voluntary medical insurance benefits knew their rights and had sufficient knowledge of the program to make an informed choice of whether to enroll or not. In the outcome, with excellent cooperation of both private and government agencies, we were able to contact all but a very small portion of the aged population, with the result that of the over 19,000,000 eligibles on July 1, 1966, over 17,800,000 has asked for the supplementary coverage.

The great majority of the persons who have selected this voluntary medical insurance have been having their \$3 premium deducted from their monthly social security, railroad retirement, or civil service checks, while the remainder are paying the premium in cash, mostly quarterly. A point that has not received much attention, but one that is very significant, is that about 96 percent of those who elected coverage and pay cash premiums continue to remain in the program. Only a few thousand of the millions who have signed up have expressed any misunderstanding or regret over their choice. This evidence of a rather high level of acceptance is of course very satisfying to all of us who have been involved in putting the program into effect.

Since the insurance contains a deductible provision, the initial costs incurred by individuals up to the amount of the deductible are not reimbursable. Even though a large proportion of the bills received in the first few months was covered by the deductible amount, over \$350,000,000 under the voluntary program was nonetheless paid out through March. The rate of reimbursement is now, quite naturally, picking up very rapidly, and the time required for processing of bills by private agencies acting as intermediaries for the Administration is declining.

We have not yet, however, arrived at a point where claims are being paid as rapidly as we and the intermediaries would consider satisfactory. One of the contributing factors to delays in payment of claims—and this was to be expected—was the inaccurate or incomplete condition of many of the claims received in the early months of operation. The forms were new to the public and individuals did not properly complete them in many instances. Extensive contacts by the intermediaries and the social security district offices to inform people how to present claims properly so that they can be processed on first receipt have made for considerable improvement. The medical insurance intermediaries are taking other steps to improve their ability to handle increasing work loads and to achieve satisfactory processing times. Additional employees are being hired and trained, and technical procedures for processing the work are being improved.

EXTENDED CARE FACILITIES

The post-hospital extended care program which became effective on January 1, 1967, is of major importance, not only because of the obvious economic benefit to the elderly, but also because it makes medical services available at a point where rehabilitative efforts and careful evaluation of the individual's potential can very often help reduce the level of continuing care that is required and in many cases more quickly restore the individual to health and permit his return to independent living in the community. The extended care program then, has a distinctly different purpose from acute hospital care on the one hand and long-term care on the other. Because of its strategic role in the health care field, it has great potential to aid in the optimum utilization of the nation's scarce resources

for providing continuing care and reduction of the costs of illness which individuals or society must bear.

We estimate that in the near future the number of medicare patients needing extended care at any one time will range between 50,000 and 65,000. To date about 3,700 extended care facilities, representing approximately 262,500 beds, had been certified for participation in the medicare program. Of this total number of beds, we expect that between 60,000 and 90,000 will be available for medicare patients. The facilities now certified include most of the larger institutions.

Although on a national basis the number of beds needed by medicare patients appears to be sufficient, there are individual States and geographical areas within States where extended care beds are in short supply. Moreover, at the start of the program we must also take into account that many of the participating institutions have waiting lists and there will be demands of both medicare and non-medicare patients for beds as they become vacant.

We are taking special steps in those areas where the shortages seem to be the greatest. State health departments are reviewing applications which could not previously be approved under the provisions of the law and consulting with the operators to assist in overcoming the impediments and in correcting deficiencies. Because of the newness of the program, some hospitals and skilled nursing homes are still considering how many beds they wish to have qualified as "distinct parts" for extended care purposes. During the next few months, we expect many more institutions to take the necessary steps to participate in the program.

HOME HEALTH AGENCY PARTICIPATION

My report on the health insurance program would not be complete without mention of the home health agency participation. Home health care is provided by organizations that provide visiting nurse services and other care to people confined at home. Nationally, there are not enough home health agencies to provide the services covered under medicare, but the picture looks increasingly improved. A total of 1,525 have been certified and this service is becoming available to an increasing number of medicare beneficiaries. Of the number certified, 40 percent are visiting nurse associations, about 45 percent are local governmental health agencies, six percent plus are hospital-based, and the remainder represent a variety of organizations established to provide these services. We have received over 160,000 "start-of-care" notices from home health agencies for patients under the hospital and medical insurance programs.

1968 BUDGET ESTIMATE

The responsibilities of the Social Security Administration have increased greatly in recent years and the work we must perform to fulfill these responsibilities has undergone a corresponding increase. Although our work loads in 1966 and 1967 were unprecedented in size, we estimate that in 1968 the work load of the Social Security Administration proper will be even higher by 3.3 percent than this year; the required output of the health insurance intermediaries will be 13.0 percent higher; and the output of State agencies making disability determinations 2.0 percent higher.

These work-load increases are not under the Administration's control but are related primarily to growth in population and in the proportion of the population becoming eligible for benefits provided by the program. Also, fiscal year 1968 will be the first fiscal year in which all phases of the medicare program are in effect for a full year.

In 1968 we estimate that intermediaries in the health insurance program will pay 47,150,400 bills for hospital, physician, and other services covered by the medicare program. This compares with 43,069,400 budgeted for 1967. In the cash benefit program, the number of changes to our beneficiary rolls such as changes of address, terminations of benefits, and revisions in benefit amounts is expected to increase from 10,014,000 in 1967 to 10,742,000 in 1968. The focal points for most public inquiries on both the cash benefit and medicare programs are the 700 social security district and branch offices and the numerous contact points where an individual can talk to a social security representative on specified days of a week or a month. It is estimated that these offices will receive in fiscal year 1968 50,419,000 inquiries from individuals walking into the offices or by mail or telephone compared with 49,192,000 budgeted for 1967.

An increase of \$27,700,000 in obligations (excluding the contingency fund from the obligation estimates) is budgeted for 1968 over 1967. Of this total increase

\$12,200,000 is related to the larger volume of bills to be handled by the intermediaries in the health insurance program and \$3,700,000 for the increased volume of work of State agencies under contract with the Administration to perform certain functions in the disability and health insurance programs. The remaining increase of \$11,800,000 is in the operating expenses of the Social Security Administration and about half of this amount (\$5,800,000) is for mandatory salary increases for the existing staff. The added manpower requirements to handle the increased volume of work in 1968 and related operating expenses amount to \$6,000,000.

An increase of 656 man-years is budgeted for 1968. This is an increase of 1.4 percent over the 48,329 man-years budgeted for 1967. The 1.4 percent increase in manpower is based on the assumption that productivity improvements will permit us to absorb over 57 percent of the estimated 3.3 percent increase in work output in 1968 over 1967. We hope to accomplish this absorption by procedural improvements, by additional efficient and economical uses of ADP equipment in helping get our job done and by greater output from the large number of employees recruited in fiscal years 1966 and 1967 as these employees become better trained and more proficient in their jobs.

The budget reflects our plan to get as much of our work done as is feasible on regular time rather than on overtime which is, of course, at premium rates of pay. This is the reason that the increase in permanent positions amounts to 1,418 positions, from 47,592 in 1967 to 49,010 in 1968, whereas the budgeted manpower increases by only 656 man-years. We have had little choice but to rely heavily on overtime in recent years to process the very large increases in work loads. In 1968 we will be able to staff up to a level that is more commensurate with the work load to be handled.

The manpower used—both regular and overtime—by the Social Security Administration has increased significantly in recent years—the 1968 budgeted level is 90 percent higher than manpower used in 1960. But the work load to be handled increased almost double that amount. If we handled the 1968 work volume at 1960 productivity, we would be budgeting 67,215 man-years in 1968, or 18,230 more than the estimate before you.

This accomplishment of doing work with relatively fewer people is principally the result of continuing attention to finding more efficient methods for handling our work, including the automation of our processes wherever possible. The Social Security Administration was a pioneer in large-scale use of punched card equipment when the program began operations in the 1930's. In 1956 we installed our first electronic data processing equipment and now have a complex of seven large-scale computers and 19 smaller computers—most of them in operation around-the-clock.

We have also pioneered in the use of microfilm in conjunction with computers to improve service and reduce costs and have plans in the near future for providing our district offices with more information on microfilm from our electronic tape records so they will have more data than they now have to provide quick and complete answers to the inquiries they receive from beneficiaries. We are continuing to examine our processes for handling claims for benefits to reduce to an absolute minimum the recopying or repunching of the same data such as name, account number, address and benefit amount as the claim moves through the various stages of processing. These are just a couple of illustrations of our ongoing effort in the Administration to find more economical ways of doing our work and of providing quality service to the public.

CONSTRUCTION (TRUST FUND)

I would next like to report on the progress of our construction projects already authorized by the Congress and explain our 1968 request for new obligational authority.

The construction budget covers two activities—the headquarters site in Baltimore County, Maryland, and a program for constructing district office buildings when it is more advantageous and economical to construct these buildings rather than continue to lease space. The district office construction program was first authorized in the 1965 appropriation. The appropriations in that year and in 1966 and 1967 have provided for the acquisition of sites, design, and construction of a total of 109 district offices.

We expect that by July 1968 all of the 37 offices authorized in the 1965 and 1966 appropriations will be completed or under construction. We expect to complete the first two of these offices in early August 1967. In the design of the

district office buildings, attention is given to avoiding architectural barriers which would interfere with easy accessibility to these structures by the aged and the handicapped.

Our headquarters site now consists of 1,271,300 net square feet of constructed office space and 140 acres of land. The Congress has authorized in the 1965, 1966, and 1967 appropriations the construction of 602,000 more net square feet of office space and a warehouse building, and the procurement of additional acreage at the headquarters site.

Currently, there are over 11,000 employees at the headquarters site in space that was designed for about 10,000 employees. In addition, we have over 2,000 employees located in eight rented buildings in Baltimore County and City. We expect by the end of 1968 the number of headquarters employees in leased buildings will increase to about 4,000.

This dispersion of the staff is an unsatisfactory and uneconomical arrangement and we are looking forward to the completion of the construction projects authorized by the Congress which are estimated to house 14,410 employees. The estimates for these projects were developed prior to any actual operating experience with the medicare program and with the changes to the old-age, survivors, and disability insurance programs made in the 1965 amendments. We are reassessing our manpower and space requirement to determine the adequacy of presently authorized construction projects.

The funds contained in the 1967 appropriation for an office building and an extension to the operations building at headquarters did not provide for parking accommodations for most of the employees to be housed in the proposed buildings because of plans to study the feasibility of multi-level parking facilities. This study has been completed and we have concluded that the preferable approach is construction of multi-level parking facilities rather than additional extensive surface parking. Our request of \$634,000 for construction for 1968 provides for planning multi-level parking facilities which will accommodate about 3,100 cars. A preliminary estimate of constructing such facilities is \$8,612,000.

PAYMENT TO TRUST FUNDS FOR HEALTH INSURANCE FOR THE AGED (GENERAL FUND)

Now I would like to take up our request for the general fund reimbursement to the health insurance trust funds. Our request for 1968 is for \$906,631,000—\$17,419,000 less than the total of the regular 1967 appropriation and a proposed supplemental. Of the total request, \$272,631,000 is for reimbursement to the hospital insurance trust fund and \$634,000,000 represents general fund contributions to the supplementary medical insurance trust fund.

The costs of the basic hospital insurance program for individuals age 65 or over who are on the social security or railroad retirement rolls are financed by a separate contribution from employees, employers, and self-employed persons. The contributions are deposited in the Federal Hospital Insurance Trust Fund, and subsequently benefits and administrative costs are paid out of that fund. A special provision of the 1965 amendments provided coverage under the plan for essentially all other individuals who are 65 or will attain 65 before 1968 and who are not insured under the social security or railroad retirement systems. Benefit payments to these individuals and related administrative expenses are to be met from the general revenues of the Treasury, by authority of Section 103, Title XVIII of the Social Security Act.

A decrease of \$28,419,000 in general fund reimbursement to the hospital insurance trust fund is budgeted for 1968. Over \$11,000,000 of this decrease is related to the long-term trend of decline in the number of these uninsured persons on the rolls, reducing both benefit and administrative costs. The remaining decrease of \$17,200,000 is due to expected reimbursement to the trust fund in 1967, through a supplemental appropriation, of higher than budgeted administrative costs incurred in 1966.

The voluntary supplementary medical insurance program is financed by the persons who elect to enroll in the supplementary plan and pay premiums of \$3 per month. The government is authorized under Section 111(d), Title XVIII of the Social Security Act to match these premiums with payments from the general revenues of the Treasury. We estimate that the government's matching contribution for 1968 will amount to \$634,000,000, or \$11,000,000 more than the \$623,000,000 required for 1967. This increase is based on about 300,000 more enrollees in 1968

than 1967. The number of enrollees at the end of 1968 is estimated at 17,923,000 compared with 17,627,000 in 1967.

PAYMENT TO TRUST FUNDS FOR MILITARY SERVICE CREDITS (GENERAL FUND)

The final request that we have before you today is for payment of \$105,000,000 of general funds to the trust funds for military service credits. The Social Security Act provides for reimbursement to the old-age and survivors insurance, the disability insurance, and the hospital insurance trust funds for the additional costs incurred since September 1, 1950, in paying benefits based on non-contributory military service credits. The 1965 Amendments to the Social Security Act amended Section 217(g), Title II, to further provide for a 50-year period ending June 30, 2015, in which reimbursement is to be accomplished. Our request for \$105,000,000 includes the annual installment required to amortize the current debt over a 50-year period plus a projection of the future costs of non-contributory military service credits. Payments of \$105,000,000 have been made to the trust funds in each fiscal year 1966 and 1967.

REQUESTED AUTHORIZATION FOR TRUST FUND EXPENDITURES

Mr. BALL. Our first two requests are "Salaries and expenses" and a construction item. They are both financed from the trust funds and do not affect the general funds of the Treasury.

Senator HILL. They are not direct appropriations out of the Treasury, are they?

Mr. BALL. It is an authorization to spend from the trust fund.

Senator HILL. From the trust fund.

REQUESTED PAYMENT TO AND REIMBURSEMENT OF TRUST FUND

Mr. BALL. Yes, sir. We also have two general fund appropriation requests, one for payments to the trust funds for health insurance and another for reimbursement to the trust funds for gratuitous military service credits.

SALARIES AND EXPENSES

First, the request for salaries and expenses which comes from the old-age and survivors, the disability, and the health insurance trust funds and is for a basic amount of \$610,260,000, plus a \$25 million contingency fund, which will be available only to the extent that workloads or mandatory costs of agencies or organizations participating under contract in the administration of the program are greater than anticipated in the budget estimate.

The total request then is for \$635,260,000. The \$610,260,000 that we are requesting for operating expenses provides for all administrative expenses of the Social Security Administration as well as State agencies and other third parties for carrying out the three major programs: Retirement and survivors insurance, disability insurance, and health insurance, or medicare.

PROGRAM EXPANSION

The social security program has been very greatly expanded, as you know, by legislation in recent years, particularly the amendments of 1965. Of foremost attention in the past year has been the launching of the medicare program provided by these amendments.

HEALTH INSURANCE PROGRAM

I believe that few, if any, administrative undertakings on the civilian side of government have required the understanding and co-

operation of so many diverse groups, institutions, and people as has the launching of the health insurance program.

The preparation for and operation of the program has involved on the Federal Government side the employees of the Social Security Administration, the Public Health Service, and the Welfare Administration, and then performing certain operations for us under agreement are 50 different State health agencies, and then the private sector is also deeply involved with participation by about 6,700 hospitals, around 200,000 practicing physicians, almost 1,500 home health agencies, and by today 3,700 extended care facilities, 74 Blue Cross organizations, 33 Blue Shield plans, 16 insurance companies, several independent health insurers, and over 75 group practice prepayment plans.

All these organizations and people had to work together to make this program work.

Senator HILL. Requiring very much teamwork.

Mr. BALL. Yes, sir.

PHYSICIAN PARTICIPATION

Senator HILL. You speak of 200,000 practicing physicians. Do you have the latest figure as to the number of physicians practicing?

Mr. BALL. That is a rounded figure, Mr. Chairman. I would have to look it up for the record and get you the exact number.

Senator HILL. All right. Suppose you do that.

(The information follows:)

The number of physicians in private practice according to the latest available data for the year 1965 was 190,748. In addition, 53,647 physicians were in Federal or nonfederal practice and 44,276 were in training as interns, residents or fellows.

ECONOMIC SECURITY FOR AGED

Mr. BALL. Although it has been in operation for less than a year, health insurance for the aged is closing one of the major gaps in the economic security of the elderly. In the first 9 months of operation there have been about 4 million admissions for inpatient hospital services under the program and we have paid out over a billion and a half dollars to the hospitals for those services.

There have been over 13½ million bills rendered under the voluntary program rendered. That is primarily physicians' bills under the voluntary part of the program.

And the program has paid out over \$350 million for these and related services in the voluntary part.

1965 BENEFIT INCREASES

Although medicare is much more in the news than the rest of the 1965 amendments, nevertheless the amendments as a whole affected millions of others in addition to those who became eligible for health insurance benefits.

All beneficiaries of the cash program, that is, the disabled, and the widows, and orphans, received a 7-percent benefit increase that was retroactive to January 1965. And various other provisions of the 1965 amendments added 800,000 people to the beneficiary rolls.

1966 TAX ADJUSTMENTS ACT

In addition, an amendment in the Tax Adjustment Act of 1966 provided for special payment out of general revenues to certain people aged 72 or older. Payments are now being made to about 650,000 of these individuals under that special provision. These are people who have little or no credit for work under social security and who do not receive public assistance payments or significant governmental pensions. That was the so-called Prouty amendment on the Senate floor in 1966.

Senator HILL. Yes.

WORKLOAD INCREASE

Mr. BALL. To turn to the 1968 budget estimate, Mr. Chairman, the responsibilities of the Social Security Administration have increased greatly in recent years and the work we must perform to fulfill these responsibilities has undergone a corresponding increase.

Although our workloads in 1966 and 1967 were unprecedented in size, we estimate that in 1968, under the present law just as it is, the workload of the Social Security Administration proper, that is, the work performed by Federal employees, will be even higher by 3.3 percent this coming year than it was in fiscal year 1967.

On the required output of the health insurance intermediaries—these are the Blue Cross-Blue Shield and the private insurance companies working on contract for us—their work will be 13 percent higher.

Senator HILL. Thirteen percent higher.

Mr. BALL. Thirteen percent. And the output of State agencies that make the disability determination will be 2 percent higher.

OBLIGATIONS INCREASE

An increase of \$27,700,000 in obligations—that excludes the contingency fund from the obligation estimates—is budgeted for 1968 over 1967. Of this total increase \$12,200,000 is related to the larger volume of bills to be handled by the intermediaries in the health insurance program and \$3,700,000 for the increased volume of work of State agencies under contract with the administration to perform certain functions in the disability and health insurance programs.

OPERATING EXPENSES INCREASE

The remaining increase of \$11,800,000 is in the operating expenses of the Social Security Administration and about half of this amount, that is, \$5,800,000, is for mandatory salary increases for the existing staff. The added manpower requirements to handle the increased volume of work in 1968 and related operating expenses account for the other \$6 million.

Senator HILL. You think that will be sufficient to keep the personnel that you need?

AMENDMENTS RECOMMENDED BY PRESIDENT

Mr. BALL. Yes, Mr. Chairman, that is our best estimate of the need as we see it today for the present law. As you remember, of course,

there are rather substantial amendments recommended by the President.

Senator HILL. I know that. Of course, if those amendments are adopted then you will have additional burdens and additional responsibilities.

Mr. BALL. Yes, sir.

Senator HILL. You will need additional personnel.

Mr. BALL. Substantial additional money in that event. If I may turn to the construction item, Mr. Chairman—

Senator HILL. All right, sir.

LIMITATION ON CONSTRUCTION

APPROPRIATION ESTIMATE

LIMITATION ON CONSTRUCTION

For construction, alterations and equipment of facilities, including acquisition of sites, and planning, architectural, and engineering services, and provision of necessary off-site parking facilities during construction, ~~[\$43,189,000]~~ \$634,000, to be expended as authorized by section 201(g) (1) of the Social Security Act, as amended, from any one or all of the trust funds, referred to therein, and to remain available until expended.

Amounts available for obligation

	1967	1968
Appropriation.....	\$43,189,900	\$634,000
Unobligated balance brought forward.....	18,782,005	39,299,688
Unobligated balance carried forward.....	-39,299,688	-5,110,786
Total.....	22,671,317	34,822,902

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Headquarters construction.....	\$11,374,888	\$17,869,000	+\$6,494,112
District office construction.....	11,296,429	16,953,902	+5,657,473
Total obligations.....	22,671,317	34,822,902	+12,151,585
Unobligated balance, reserve.....			
Total, obligations and balance.....	22,671,317	34,822,902	+12,151,585

Obligations by objects

	1967 estimate	1968 estimate	Increase or decrease
Other services.....	\$2,909,441	\$1,739,231	-\$1,170,210
Land and structures.....	19,761,876	33,083,671	+13,321,795
Total obligations by object.....	22,671,317	34,822,902	+12,151,585

Summary of changes

1967 enacted appropriation-----	\$43, 189, 000
Prior year balance available-----	18, 782, 005
Unobligated balance available in subsequent year-----	—39, 299, 688
1967 total estimated obligations-----	22, 671, 317
1968 estimated obligations-----	34, 822, 902
Total change-----	+12, 151, 585

	Base	Change from base
INCREASES		
A. Built-in:		
1. Planning and construction at headquarters site funded in prior years.....	\$10, 388, 665	\$6, 471, 335
2. District office construction funded in prior years.....	11, 296, 429	5, 657, 473
Subtotal, built-in.....	21, 685, 094	12, 128, 808
B. Program:		
1. Planning and design of multi-level parking facility at headquarters.....		634, 000
Total increases.....	21, 685, 094	12, 762, 808
DECREASES		
A. Land acquisition at headquarters site funded in prior years.....	986, 223	—611, 223
Total decreases.....	986, 223	—611, 223
Total net change requested.....	22, 671, 317	+12, 151, 585

EXPLANATION OF CHANGES

Increases:

A. BUILT-IN

1. *Planning and construction at headquarters site funded in prior years, +\$6,471,335*

Award of the construction contract for an office building and an extension to the operations building, funded in fiscal year 1967, is scheduled for fiscal year 1968 at an estimated cost of \$16,416,000. Partially offsetting the cost of this contract are base year costs for the construction contract for an office building and warehouse building (funded in 1966) and the completion of planning for the buildings scheduled for construction in 1968.

2. *District office construction funded in prior years, +\$5,657,473*

The increase is due primarily to the larger number of district office projects funded in 1965, 1966, and 1967 for which construction contracts will be awarded in fiscal year 1968.

B. PROGRAM

1. *Planning and design of multi-level parking facility at headquarters, +\$634,000*

Funds requested provide for planning and design of multi-level parking facilities to accommodate added staff to be housed in the new headquarters buildings.

Decreases:

A. ACQUISITION OF LAND AT HEADQUARTERS SITE, —\$611,223

Funds totalling \$1,375,000 have been provided in 1966 and 1967 for purchase of land at the headquarters site. The major portion of the land is to be acquired during 1967 with the remaining acquisition to be completed in fiscal year 1968.

SIGNIFICANT ITEMS IN HOUSE AND SENATE APPROPRIATIONS COMMITTEE REPORTS

ITEM—1967 SENATE REPORT ON REGULAR
AND SUPPLEMENTAL APPROPRIATION
BILLS

ACTION TAKEN OR TO BE TAKEN

Limitation on construction

1. The Committee again expressed disappointment over the progress of the district office construction program authorized in the fiscal year 1965 appropriation which provided for 25 office buildings. The Committee recognized that the delay was due to several factors, but strongly requested that the procrastination cease (pages 64-65 of Senate Report on FY 1967 appropriation bill).

2. Committee allowance is based on an average of \$40 per square foot for total costs in the 1967 district office construction program. The Committee will expect the Department Comptroller to review prior to approval any bid which will result in a project costing more than \$40 a square foot (page 65 of the Senate Report on FY 1967 appropriation bill).

3. Committee comments on the undesirability of having district offices located in space which has "architectural barriers" and directs that steps be taken to vacate such buildings as expeditiously as possible and not to accept such space in the future (pages 65, 78-79 of the Senate Report on 1967 appropriation bill).

1. As of January 1, 1967, sites had been selected for all offices in the FY 1965 district office construction program.

The design phase for three of these offices has been completed and the remaining offices are in varying stages of design preparation.

Construction bids have been received for three offices and contracts awarded for two offices. Notices to proceed with construction in these two offices were given on December 7, 1966, and occupancy should occur in early August 1967.

Procedures for preparation and review of tentative and working drawings of buildings to be constructed have been revised in order to reduce time required for the design phase of construction.

2. Requested action will be taken as we proceed with the projects authorized in the 1967 appropriation.

3. We are in the process of reaching agreement with GSA on what constitutes "architectural barriers". An understanding on which offices must be moved and which can be remodeled to remove these barriers should result from this agreement.

Our construction programs eliminate all architectural barriers in the design phase and in addition they include specific features to facilitate access and use by handicapped persons.

	Estimate to Bureau of Budget	Budget estimate to Congress	House allowance	Senate allowance	Appropriation
Year:					
1956-----	\$3, 870, 000	\$3, 870, 000	\$3, 870, 000	\$3, 870, 000	\$3, 870, 000
1957-----					
1958-----			(1)	5, 710, 000	5, 710, 000
1959-----	1, 345, 000	1, 210, 000	1, 210, 000	1, 210, 000	1, 210, 000
1960-----					
1961-----	320, 000	320, 000	(2)	(2)	
1962-----	4, 360, 000	4, 360, 000	4, 000, 000	4, 000, 000	4, 000, 000
1963-----					
1964-----					
1965-----	5, 757, 000	5, 750, 000	5, 750, 000	5, 750, 000	5, 750, 000
1966-----	15, 783, 000	15, 048, 000	15, 048, 000	15, 048, 000	15, 048, 000
1967-----	42, 873, 000	26, 250, 000	26, 250, 000	43, 189, 000	43, 189, 000
1968-----	7, 710, 000	634, 000			

¹ Not considered.

² The request for \$320,000 to purchase land was added to the former Bureau of Old-Age and Survivors Insurance 1962 appropriation for "Salaries and expenses" by the House and Senate.

INTRODUCTION

Funds requested under this appropriation provide for the acquisition of land and construction of buildings needed for administration of the old-age and survivors, disability and health insurance programs.

Existing and proposed projects under this appropriation fall under the following activities:

1. Headquarters construction

Funds were provided in the 1965, 1966, and 1967 appropriations for construction projects which were based on an estimated staff of 14,945 employees located at the Social Security headquarters by June 1976. Funds were also provided in the 1966 and 1967 appropriations for both short and long-range land requirements.

The estimated staffing on which the size of the construction projects was determined was based on estimates of the impact of the new health insurance program and of other provisions of the 1965 Amendments to the Social Security Act on the number of employees required at headquarters before any experience with the health insurance program had been gained. After some experience, the Administration is reassessing its prior estimates to determine the adequacy of presently funded projects.

In fiscal year 1968 the request for funds in this activity represents the costs of planning and design of multi-level parking facilities at the headquarters site. The construction projects funded in the 1967 appropriation did not include parking facilities for the bulk of employees to be housed in the new buildings because of a pending study on the feasibility of a multi-level parking facility.

2. District office construction

The Social Security Administration operates over 600 district offices throughout the country to provide direct service to the public in matters pertaining to the old-age and survivors, the disability and the health insurance programs. Funds appropriated under this activity cover construction of district offices where improvement is needed in the present space and construction is both advantageous and feasible. Funds were provided in the 1965, 1966, and 1967 appropriations for the acquisition of sites, design and construction of 109 offices.

The 1968 budget request contains no new obligational authority for the construction of district offices. The hiatus in 1968 is intended to reduce the inflationary impact of new construction on the national economy and does not represent a termination of the construction program.

Justification by activity—Activity 1, headquarters construction

	1967 estimate	1968 estimate	Increase or decrease
Other expense.....	\$11,374,888	\$17,869,000	+\$6,494,112
Total.....	11,374,888	17,869,000	+6,494,112

EXPLANATION OF ESTIMATED OBLIGATIONS

Included in the actual and estimated obligations for this activity are the following existing and proposed construction projects at the Social Security headquarters in Baltimore County, Maryland.

1. Construction of an office building and a separate warehouse to provide for expansion needs prior to enactment of the 1965 amendments. (Funds provided in 1965 and 1966).

Fiscal year:	Obligations
1965	\$413,970
1966	32,365
1967	9,788,665
1968	444,000
Total project cost.....	10,679,000

2. Construction of another office building and major extension of operations building to provide for additional needs resulting from the 1965 amendments. (Funds provided in 1966 and 1967).

Fiscal year:	Obligations
1966 -----	-----
1967 -----	\$600, 000
1968 -----	16, 416, 000
Future years-----	925, 000
Total project cost-----	17, 941, 000

3. Purchase of additional land adjacent to headquarters site. (Funds provided in 1966 and 1967).

Fiscal year:	Obligations
1966 -----	\$13, 777
1967 -----	986, 223
1968 -----	375, 000
Total project cost-----	1, 375, 000

4. Construction of a multi-level parking facility (proposed.)

Fiscal year:	Obligations
1968 (planning)-----	\$634, 000
Future years (tentative construction costs)-----	8, 612, 000
Total project cost (tentative)-----	9, 246, 000

Status of headquarters projects

1. Design and construction of office building and warehouse:

a. Working drawings and specifications have been completed by the Architects and are being reviewed by the General Services Administration.

b. It is anticipated that the construction contract will be awarded in May 1967.

2. Design of office building and extension of operations building:

a. The design contract was awarded August 2, 1966, and is estimated to require about 16 months for completion of the design providing modifications are not too extensive.

3. Purchase of land:

As of January 1, 1967, negotiations were underway on 20 parcels of land contiguous to the eastern boundary of the headquarters site, consisting of about 17 acres at an appraised value of \$127,000. Contracts have been completed with owners for the purchase of 10 of these parcels consisting of eight acres at a price of \$44,600.

Fiscal year 1968 estimate

In the Administration's justification to the Congress for funds in fiscal year 1967 for construction of an office building and an extension to the operations building to accommodate the expansion of staff resulting from the 1965 amendments to the Social Security Act the following statement was made:

"The above estimate of \$17,341,000 does not provide for the normal ground-level parking to accommodate the employees to be housed in the proposed buildings. Underground parking which will provide about 200 parking spaces is provided for in the estimate for the office building. Before requesting funds for parking facilities for the bulk of the staff to be housed, a feasibility study on multi-level parking will be made."

The feasibility study has been made and recommendations support the desirability of constructing multi-level parking facilities and for this reason, planning funds amounting to \$634,000 are included in the 1968 appropriation estimate.

Preliminary estimates of the cost of construction of multi-level facilities that will accommodate 3,100 cars total \$8,612,000. This estimate is based on data obtained from the National Institutes of Health for whom funds for multi-level parking were provided in the 1967 appropriation, adjusted for design and capacity variations.

Justification by activity—Activity 2, district office construction

	1967 estimate	1968 estimate	Increase or decrease
Other expenses.....	\$11, 296, 429	\$16, 953, 902	+\$5, 657, 473
Total.....	11, 296, 429	16, 953, 902	+5, 657, 473

EXPLANATION OF ESTIMATED OBLIGATIONS

The above schedule of obligations reflects the following district office construction program:

1. Construction of 25 district office buildings (funds provided in fiscal year 1965 appropriation and the fiscal year 1966 supplemental).

Fiscal year:	<i>Obligations</i>
1965	\$141, 735
1966	1, 073, 757
1967	2, 137, 044
1968	1, 783, 500
Future years.....	671, 464
Total cost.....	5, 807, 500

2. Construction of 12 district office buildings (funds provided in the fiscal year 1966 regular and supplemental appropriations).

Fiscal year:	<i>Obligations</i>
1966	\$340, 813
1967	1, 352, 085
1968	1, 868, 602
Total cost.....	3, 561, 500

3. Construction of 72 district office buildings (funds provided in the fiscal year 1967 appropriation).

Fiscal year:	<i>Obligations</i>
1967	\$7, 807, 300
1968	13, 301, 800
Future years.....	3, 513, 900
Total cost.....	24, 623, 000

STATUS OF DISTRICT OFFICE CONSTRUCTION PROGRAM

Although no new funding authority is requested for construction of district office buildings in the 1968 budget, it is expected that significant progress will be made in 1967 and 1968 in the projects already authorized.

The status as of January 1, 1967, of the 37 projects authorized in the 1965 and 1966 appropriations is summarized below:

1. *Acquisition of sites*

1965 program: 22 of the 25 sites have been acquired; the remaining three sites have been selected.

1966 program: 9 of the 12 sites have been acquired; two more sites have been selected.

2. *Design phase*

1965 program: Three projects are through the design phase; 19 are presently in design; the remaining three projects will be in design as soon as the sites are acquired.

1966 program: Nine projects are currently in design, the remaining three projects will go into design upon acquisition of sites.

3. *Construction*

1965 program: Contracts for construction have been let for Anniston and Gadsden, Alabama. Barring funding difficulties, we expect to have at least six

additional offices under construction by June 30, 1967, and 23 completed or under construction by June 30, 1968.

1966 program: Two of the 12 offices have advanced in design to where they could be open for bid by June 30, 1967, and 11 should be completed or under construction by June 30, 1968, if financing can be accomplished within appropriated funds.

Mr. BALL. The construction budget covers two activities—the headquarters site in Baltimore County, Md., and a program for constructing district office buildings when it is more advantageous and economical to construct these buildings rather than continue to lease space or be in Federal office buildings.

DISTRICT OFFICE BUILDINGS

The district office construction program was first authorized in the 1965 appropriation. The appropriation in that year and in 1966 and 1967 have provided for the acquisition of sites, design, and construction of a total of 109 district offices. We expect that by July of 1968 all of the 37 offices authorized in the 1965 and 1966 appropriations will be completed or under construction. And we expect to complete the first two of these offices in early August of 1967.

Senator HILL. How many district offices do you have now?

Mr. BALL. Full district offices, 630.

Senator HILL. How many are housed in Federal buildings?

Mr. BALL. Eighty-one. Then we have, Mr. Chairman, quite a number of branch offices that work under the broad direction of the district offices, which brings the total number to something over 700 when you include those.

HEADQUARTERS BUILDING

The funds contained in the 1967 appropriation for headquarters construction provided for an office building and an extension to the operations building, but did not provide for parking accommodations for most of the employees to be housed in the proposed buildings because we had planned to study the feasibility of multilevel parking facilities.

MULTILEVEL PARKING

This study has been completed and we have concluded that the preferable approach is construction of multilevel parking rather than additional extensive surface parking.

Senator HILL. When you speak of multilevel parking, how many levels do you contemplate on an average?

Mr. BALL. Four levels under an operations building. Our request for \$634,000 for construction for 1968 provides for planning multilevel parking facilities which will accommodate about 3,100 cars. A preliminary estimate of constructing such facilities is \$8,612,000.

ANTICIPATED COST INCREASE

Mr. Chairman, since the President's budget for fiscal year 1968 was prepared with that request in it for \$634,000 we have talked with the Bureau of the Budget and received permission to suggest a modification in that request because we have been reexamining our general construction needs at headquarters.

When we submitted our 1967 appropriation estimate of \$17,341,000 for construction of an office building and also an extension to the operations building, we thought that that would take care of our needs up to June of 1976, but we did not of course at that time have the benefit of operating experience in connection with the medicare program and other major provisions of the 1965 amendments.

We have now some 9 months experience in administering the large and complex health insurance programs and their impact on our staffing and space needs at headquarters is already and will be in the future clearly greater than the estimates provided for.

The construction authorized in 1967 would not be fully adequate to our needs. Further operating experience under medicare will be desirable to provide data for more accurate staff and space projections before firming up an estimate of our additional construction needs.

The delay is made all the more necessary by the very probable enactment of the proposed Social Security Amendments of 1967. These amendments will undoubtedly add significantly to our space needs in Baltimore in addition to the medicare and other 1965 program changes, and it is desirable we believe to await this development and take it into account in developing our revised construction needs.

CONSTRUCTION DELAY OF OPERATIONS BUILDING

Senator HILL. You think you might ask for a supplemental for these construction needs?

Mr. BALL. Mr. Chairman, we are proposing a longer period than that for a study. In view of the inadequacy of the presently authorized construction plans we propose to proceed with the office building that is provided for in the 1967 appropriation—I think there is a clear need for office type space—but to delay the construction of the operations building which was authorized until we have a much firmer planning base arising out of longer operating experience under the 1965 amendments and actual experience under the 1967 amendments.

The effect of such a delay will of course extend our space shortage for a longer period and we will have to house more of our employees for a longer time in leased space that hopefully we can get located near our headquarters site, but we believe that such a delay will be advantageous under the circumstances to the best development of the headquarters site over the long run.

Senator HILL. You think in the end you will have a sounder program?

EAST OFFICE BUILDING AND WAREHOUSE

Mr. BALL. Yes, Mr. Chairman. I might remind you that we have authorized in the 1965 and 1966 appropriations, that I haven't been talking about here, the building of an office building on the east side of the site and a warehouse. We will be letting bids on that in a very short time now. That is about ready to start.

WEST OFFICE BUILDING

And then from the 1967 appropriation we propose to build an office building on the west side. The very next expansion of the operations space would just about complete the complex and we feel it is very

important that the planning for it be done in a way that takes into account our needs over a long period of time.

We won't have too much flexibility in that particular area after that point. Our present thought is that the most desirable action would be to submit to the Congress within the next 2 or 3 years estimates of our space requirements through 1980. The funds already authorized for the extension to the operations building would of course be available to offset part of the cost of the construction necessary to meet the needs as defined then.

SUGGESTED UTILIZATION OF AVAILABLE FUNDS IN LIEU OF BUDGET REQUEST FOR PARKING FACILITIES

Since these appropriated monies are available, the appropriation of the additional \$634,000 for planning for multilevel parking facilities which is in the President's budget for 1968 seems unnecessary if the Congress would approve making the already appropriated funds available for this purpose of planning multilevel parking.

PER-CAR COST

Senator HILL. Speaking about that multilevel parking, what is your estimate of the cost per car for that parking?

Mr. FUTTERMAN. It costs about \$9.2 million, Mr. Chairman, if you include planning costs, and would provide 3,100 spaces.

Senator HILL. I have a figure here that that it would cost you about \$2,778 per car. Would that be about right?

Mr. BALL. About \$250 it comes to I believe.

Mrs. TYSSOWSKI. 3,100 cars and about \$8 million plus excluding planning costs.

Mr. BALL. I make that about \$250. Did I leave out a decimal?

Senator HILL. You left out something. According to Mr. Downey's estimate it is \$2,778. Am I about right?

Mrs. TYSSOWSKI. Yes, for the construction cost.

Senator HILL. Is that about right?

Mr. BALL. Yes. I just lost a zero.

PARKING CHARGE DELIBERATIONS

Senator HILL. I see. Your zero didn't have a ring around it. Do you contemplate any charges for this parking space?

Mr. BALL. I don't believe that has been a finally decided question, has it?

Mr. FUTTERMAN. No, sir; it has not. We have been giving consideration with Mr. Kelly to various alternatives that might be followed in the event we do have the parking multilevel. One alternative might be to charge for the cost of obtaining the service there. Another one would be to set a flat fee. We will investigate what the customary practice is within the Government where similar facilities have been.

Senator HILL. What is the customary practice as far as private business or private enterprise is concerned, do you know?

Mr. KELLY. I think you would find it hard to state a common practice.

Senator HILL. They vary so much.

Mr. KELLY. They vary so much as to whether or not it is considered an emolument which the employer offers the employee. There has been a study conducted by the General Services Administration and Civil Service Commission trying to arrive at some uniform public policy with respect to the entire Federal Government.

When we proposed to this committee that we develop multilevel parking at the National Institutes of Health, this same question came up for consideration. What we agreed to do in that case was that we would make such charges as were in accord with whatever Government-wide policy was developed. So far the only policy that has developed that has been reasonably uniform in its treatment is that a system has been developed in several buildings in Washington—including one of the buildings that we are in down on Independence Avenue—of using parking attendants to do what they call packing a parking lot. That is, rather than leaving all of the corridors open, they go ahead and put cars into the spaces that would normally be the corridors and try and work it out in such a way that you only have to move about two cars in order to assure that you can get any car out of there. The people who use the parking facility pay for the cost of this service.

Senator HILL. Paying the cost of this service?

Mr. KELLY. Paying for the cost of service. They don't pay for the parking garage, but they do pay for the additional cost of these services.

Mr. BALL. That would seem, perhaps, to have some merit, Mr. Chairman, because we of course will be moving from the situation where parking on the surface now is a freely furnished service to the individual. This would be a concept of something additional that would be charged for.

Senator HILL. But you are studying this whole matter now.

Mr. BALL. Yes. We have had consultants who have reported on the basic idea of whether there should be multilevel parking or not and we have become convinced that there should be multilevel parking. We are studying whether we should charge for the parking.

Mr. FUTTERMAN. All but a few hundred, Mr. Chairman, of the people that work out at Woodlawn have to travel by their own conveyance. There are only a few buses that come out in the morning and a few at night, and they are absolutely dependent upon a place to put a car when they come in.

Mr. BALL. Mr. Chairman—

Senator HILL. Go ahead.

REQUESTED UTILIZATION OF AVAILABLE FUNDS TO MEET DEFICIT IN CONSTRUCTION
FUNDS FOR EAST OFFICE BUILDING AND WAREHOUSE

Mr. BALL (continuing). We also ask the approval of the Congress to use about \$800,000 of these previously appropriated funds to meet an estimated deficit in funds appropriated in 1965 and 1966 for that other office building and the warehouse that I referred to earlier.

Building costs have risen since the appropriation was enacted and the architects estimate a probable shortage of this magnitude when we get ready to award the contract within the next month or two.

MULTILEVEL PARKING

The availability of funds for multilevel parking, whether it is new or old money, is a critical matter. As Mr. Futterman just indicated, we are located outside of Baltimore and with the absence of public transportation nearly 100 percent of our employees must use their own cars to get to work and we have no realistic choice but to insure that adequate parking facilities are available. In view of the current shortage of parking space resulting from the overcrowding of present buildings and the large increases in space which will be required in the future, it is extremely desirable that we press ahead to develop additional parking facilities.

We have had our architectural consultants study this matter and it is their very strong recommendation that the parking facilities and the extension to our operations building be combined into a single structure.

Accordingly, we propose to move as quickly as we can to design the parking structure and to build in a way that would permit the construction of an operations building above such construction.

Mr. Chairman, if I may I would like to turn to payments to the trust funds for health insurance for the aged.

This is a payment from general funds.

LOCATION OF HEADQUARTERS IN BALTIMORE

Senator HILL. What year did you locate your main office in Baltimore?

Mr. BALL. That started, as far as operations are concerned, at the very beginning of the program in 1937. I believe it was 1942 when the headquarters moved into Baltimore.

Senator HILL. It was 1942 when the headquarters moved in?

Mr. BALL. Yes. Then this building out at Woodlawn started in 1960. We were scattered as you remember, over about 13 or 14 buildings downtown.

APPROPRIATION ESTIMATE

PAYMENT TO TRUST FUNDS FOR HEALTH INSURANCE FOR THE AGED

"For payment to the Federal Hospital Insurance and Federal Supplementary Medical Insurance trust funds, as authorized by sections 103 and 111(d) of the Social Security Amendments of 1965, and section 1844 of the Social Security Act, **[\$832,947,000]** \$906,631,000."

Amounts available for obligation

	1967	1968
Appropriation.....	\$832,947,000	\$906,631,000
Proposed for separate transmittal.....	91,103,000	-----
Total.....	924,050,000	906,631,000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Reimbursement for hospital insurance expenditures for the uninsured.....	\$301,050,000	\$272,631,000	-\$28,419,000
Contributions to supplementary medical insurance trust fund.....	623,000,000	634,000,000	+11,000,000
Total obligations.....	924,050,000	906,631,000	-17,419,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Grants, subsidies and contributions.....	\$623,000,000	\$634,000,000	+\$11,000,000
Insurance claims and indemnities.....	301,050,000	272,631,000	-28,419,000
Total obligations by object.....	924,050,000	906,631,000	-17,419,000

Summary of changes

1967 enacted appropriation.....	\$832,947,000
Proposed supplemental	91,103,000
1967 total estimated obligations.....	924,050,000
1968 estimated obligations.....	906,631,000
Total change	-17,419,000

	Base	Change from base
INCREASES		
A. Built-in:		
1. Matching contributions to the SMI trust fund	\$623,000,000	+\$11,000,000
Total increases		+11,000,000
DECREASES		
A. Reimbursement for hospital insurance for the uninsured:		
1. Benefit payments to uninsured individuals	270,000,000	-8,000,000
2. Administrative costs related to uninsured individuals	13,823,000	-3,192,000
3. Adjustment in reimbursement appropriated for 1966:		
(a) Administrative costs.....	15,903,000	-15,903,000
(b) Interest	1,324,000	-1,324,000
Total decreases		-28,419,000
Total net changes requested.....		-17,419,000

EXPLANATION OF CHANGES**Increases :****A. BUILT-IN****1. Matching contribution to the SMI trust fund, +\$11,000,000**

This represents the increase in contributions due to the trust fund from the general fund resulting from an increase of about 300,000 in the number of enrollees paying premiums over 1967.

Decreases :**A. REIMBURSEMENT FOR HOSPITAL INSURANCE FOR THE UNINSURED, -\$28,419,000****1. Benefit payments to uninsured individuals, -\$8,000,000**

This is the result of a decrease in the number of uninsured eligible for benefits in line with the long-term trend of a declining number of uninsured individuals on the rolls.

2. *Administrative costs related to uninsured individuals, —3,192,000*

This decrease is related to the decline in the number of uninsured individuals. The 1967 base of \$13,823,000 is \$876,000 more than the \$12,947,000 appropriated for administrative expenses for 1967. The increase is based on revised work load and cost estimates which will be justified in the 1967 supplemental request.

3. *Adjustment in reimbursement appropriation for 1966*

a. Administrative costs -----	—\$15, 903, 000
b. Interest -----	—1, 324, 000

Administrative costs for fiscal year 1966 were \$15,903,000 higher than the \$25,800,000 appropriated for fiscal year 1966 principally because of the greater than expected number of applications for hospital insurance benefits filed by uninsured persons. A supplemental appropriation will be requested in fiscal year 1967 to obtain reimbursement, with interest, to the hospital insurance trust fund, for these added costs.

	Estimate to Bureau of Budget	Budget estimate to congress	House allowance	Senate allowance	Appropriation
1966 ¹ -----	\$367, 800, 000	\$367, 800, 000	\$125, 800, 000	\$125, 800, 000	\$125, 000, 000
1967 -----	925, 822, 000	832, 947, 000	832, 947, 000	832, 947, 000	832, 947, 000
1967 proposed supplemental -----		91, 103, 000			
1968 -----	² 1, 001, 592, 000	906, 631, 000			

¹ Included in the 1966 estimate to Congress is \$342,000,000 to be available for transfer to the supplementary medical insurance trust fund until the end of calendar year 1967. This request was reduced to \$100,000,000 in congressional action on the budget.

² Included in this figure is the amount of the 1967 proposed supplemental, which was originally submitted as part of the 1968 request.

JUSTIFICATION BY ACTIVITY

Summary of expenses, 1967 and 1968—Activity 1, reimbursement for hospital insurance expenditures for the uninsured

	1967 estimate	1968 estimate	Increase or decrease
Insurance claims and indemnities -----	¹ \$301, 050, 000	\$273, 631, 000	—\$28, 419, 000
Total -----	301, 050, 000	273, 631, 000	—28, 419, 000

¹ Includes \$18,103,000 proposed for separate transmittal.

EXPLANATION OF REIMBURSEMENT

The Social Security Amendments of 1965 established the Federal Hospital Insurance Trust Fund to finance the hospital insurance program. Individuals age 65 and over who are entitled to retirement benefits under the social security or railroad retirement systems are eligible for hospital insurance benefits from the trust fund. In addition, Section 103 of the amendments extended hospital insurance coverage to essentially all other individuals age 65 and over, or who will attain age 65 before 1968. The cost of providing benefits for these uninsured persons is met from the general revenues of the Treasury. The law also provides for payment to the trust funds for administrative expenses resulting from this provision plus "any loss in interest resulting from the payment of such amounts in order to place such trust fund in the same position at the end of such fiscal year in which it would have been if the preceding subsections of this section had not been enacted."

The following table shows the main elements of the 1967 and 1968 estimates.

	1967 estimate	1968 estimate	Increase or decrease
Benefits paid -----	\$270, 000, 000	\$262, 000, 000	—\$8, 000, 000
Administrative costs -----	13, 823, 000	10, 631, 000	—3, 192, 000
Adjustment of 1967 appropriation -----	15, 903, 000		—15, 903, 000
Interest on above adjustment -----	1, 324, 000		—1, 324, 000
Total -----	301, 050, 000	272, 631, 000	—28, 419, 000

BENEFIT PAYMENTS

Benefit payments to the uninsured decline in 1968 by \$8,000,000 reflecting the long-term trend of a declining number of uninsured people eligible for benefits. Because fiscal year 1967 is the first year of operation of the hospital insurance program, no experience data are available on utilization and average cost of hospital care for the uninsured as well as the insured. To the extent that actual payments in 1967 and 1968 are greater or less than estimated, adjustments will be made in subsequent appropriation requests.

ADMINISTRATIVE COSTS

The detail supporting the estimates of administrative costs for the hospital insurance program for both the insured and uninsured groups is contained in the Salaries and Expenses, SSA, appropriation request. The distribution of costs between the insured and uninsured groups is based on an identification of costs which are 100 percent chargeable to the general fund and adding to that amount a pro-rata share of other hospital insurance costs based on the ratio of average number of beneficiaries in the uninsured group to total hospital insurance beneficiaries.

In 1968 administrative costs are \$3,192,000 below 1967. This is due to an estimated reduction in the number of applications to establish eligibility for hospital insurance benefits to be received from uninsured persons from 226,000 in 1967 to 82,000 in 1968, and to the budgeted decline in the proportion of uninsured to total persons eligible for hospital insurance benefits from 12.0 percent in 1967 to 10.7 percent in 1968.

JUSTIFICATION BY ACTIVITY

Summary of expenses, 1967 and 1968—Activity 2, contributions to supplementary medical insurance trust fund

Grants, subsidies, and contributions:

1967 estimate.....	¹ \$623, 000, 000
1968 estimate.....	634, 000, 000
Increase or decrease.....	+11, 000, 000

¹ Includes \$73,000,000 proposed for separate transmittal to cover the deficit in matching premiums appropriated for 1967 because of the higher than budgeted number of participants in the program.

As provided in the Social Security Amendments of 1965, medical insurance benefits are financed from payments of \$3 per month into the Federal Supplementary Medical Insurance Trust Fund by enrollees in the voluntary medical insurance program and by matching Federal contributions from the general fund to the trust fund.

The estimate of \$634,000,000 required for matching contributions in fiscal year 1968 is \$11,000,000 higher than the adjusted base of \$623,000,000 in fiscal year 1967 (\$550,000,000 as originally appropriated plus \$73,000,000 proposed for separate transmittal). This increase is due to the anticipated growth in the number of enrollees in 1968 over 1967. The number of enrollees at the end of 1967 will be 17,600,000 and will increase to 17,900,000 at the end of 1968, with an average of 17,600,000 enrollees per month making premium payments. The average number making premium payments is less than the average number on the rolls because of an allowance in the estimate for a certain number of enrollees not paying monthly premiums but not yet terminated. The average number of enrollees paying premiums times \$36 (12 months at \$3 per month) equals the estimate of \$634,000,000.

REIMBURSEMENT OF HEALTH INSURANCE TRUST FUNDS FROM GENERAL FUND

Our request for the general fund reimbursement to the health insurance trust funds for 1968 is for \$906,631,000. That is \$17,419,000 less than the total of the regular 1967 appropriation and a proposed supplemental.

BENEFITS AND ADMINISTRATIVE COST FOR PERSONS AGED 65 AND NOT
OTHERWISE COVERED

Of the total request, \$272,631,000 is for reimbursement to the hospital insurance trust fund for benefits and related administrative costs for persons aged 65 and over not covered by the social security and railroad retirement system.

You remember the uninsured were blanketed into the medicare program.

Senator HILL. Yes.

SUPPLEMENTARY MEDICAL INSURANCE MATCHING FUNDS

Mr. BALL. And \$634 million for the Government's matching contributions to the supplementary medical insurance trust fund—the voluntary plan where an individual now pays \$3 and there is a matching amount from the general fund.

GENERAL FUND REIMBURSEMENT DECREASE

A decrease of \$28,419,000 in general fund reimbursement to the hospital insurance trust fund is budgeted for 1968. Over \$11 million of this decrease is related to the long-term trend of decline in the number of these uninsured persons on the rolls, reducing, of course, both benefits and administrative costs.

ANTICIPATED TRUST FUND REIMBURSEMENT THROUGH SUPPLEMENTAL
APPROPRIATION

The remaining decrease of \$17,200,000 is due to expected reimbursement to the trust fund in 1967, through a supplemental appropriation, of higher than budgeted administrative costs incurred in 1966.

GOVERNMENT MATCHING CONTRIBUTION

We estimate that the Government's matching contribution for 1968 will amount to \$634 million or \$11 million more than the \$623 million required for 1967. This increase is based on about 300,000 more enrollees in 1968 than 1967.

APPROPRIATION ESTIMATE

PAYMENT FOR MILITARY SERVICE CREDITS

For payment to the Federal Old-Age and Survivors Insurance, the Federal Disability Insurance, and the Federal Hospital Insurance trust funds for benefit payments and other costs resulting from noncontributory coverage extended certain veterans, as provided under section 217(g) of the Social Security Act, as amended, \$105,000,000.

Amounts available for obligation

Appropriation:		
1967	-----	\$105, 000, 000
1968	-----	105, 000, 000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Reimbursement for noncontributory military service credits (object class 42)-----	\$105, 000, 000	\$105, 000, 000	-----

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Summary of changes

1967 enacted appropriation----- \$105,000,000
 1968 estimated obligations----- 105,000,000

Total change-----

The 1968 request represents the annual payment to the trust funds based on an estimate made late in calendar year 1965 of the average yearly amount necessary to reimburse the trust funds over a fifty year period for the cost, plus interest, of paying old-age, survivors, disability, and hospital insurance benefits based on noncontributory military service credits through June 30, 2015.

	Estimate to Bureau of Budget	Budget esti- mate to Congress	House al- lowance	Senate al- lowance	Appropria- tion
1960-----	¹ \$80,000,000				
1961-----					
1962-----	¹ 116,925,000				
1963-----	78,600,000	\$78,600,000	(?)	(?)	
1964-----	³ 63,400,000				
1965-----	⁴ 60,000,000				
1966-----	⁵ 120,000,000	105,000,000	\$105,000,000	\$105,000,000	\$105,000,000
1967-----	120,000,000	105,000,000	105,000,000	105,000,000	105,000,000
1968-----	126,000,000	105,000,000			

¹ Not submitted by the Bureau of the Budget to the Congress.

² The House and Senate committees agreed to defer action on the request pending a similar request from the Railroad Retirement Board.

³ The request was not forwarded by the Bureau of the Budget pending enactment of legislation extending the 10-year period in which payments would be made to the trust funds.

⁴ The request was not forwarded by the Bureau of the Budget pending enactment of legislation to provide a new plan for reimbursement over a 50-year period.

⁵ Such legislation (footnote 4 above) was included in Public Law 89-97, enacted July 30, 1965.

Justification of estimate

	1967 estimate	1968 estimate	Increase or decrease
Insurance claims and indemnities-----	\$105,000,000	\$105,000,000	-----

The estimate of \$105,000,000 covers the annual payment to the old-age and survivors insurance, the disability insurance, and the hospital insurance trust funds, for benefit payments (and related administrative costs and interest loss) based on noncontributory military service credits.

BACKGROUND

Amendments to the Social Security Act in 1946 and later years provided for (1) paying benefits to survivors of certain World War II veterans by extending protection on a noncontributory basis and (2) granting noncontributory wage credits of \$160 for each month of active military service from September 1940 through December 1956.

The Social Security Act, as amended, provides for reimbursement to the old-age and survivors insurance, the disability insurance and the hospital insurance trust funds for the additional costs incurred since September 1, 1950, in paying benefits based on noncontributory military service credits. (For costs incurred prior to September 1, 1950, the old-age and survivors insurance trust fund was reimbursed almost \$15.5 million.) The 1965 Social Security Amendments established a fifty-year period for reimbursement, instructing the Secretary to determine by September 1965 (and each fifth September thereafter ending September 2010) the amount of reimbursement in equal annual installments necessary to place the trust funds in the same position on June 30, 2015, as they would have been in if noncontributory military service credits had not been provided. After June 30, 2015, annual appropriations for current costs are authorized.

ESTIMATED ANNUAL PAYMENT

The accumulated liability to the trust funds as of June 30, 1965, based on a detailed analysis of a random sample of actual benefit awards, was \$1,005 million—\$853 million to the OASI trust fund and \$152 million to the DI trust fund. The annual installment required to amortize this debt over a 50-year period at 4½ percent interest is \$45.9 million. As required by law, the estimate of \$105 million is based on this liability plus a projection of future costs. The total is distributed by trust fund as follows:

OASI trust fund-----	\$78, 000, 000
DI trust fund-----	16, 000, 000
HI trust fund-----	11, 000, 000
Total-----	105, 000, 000

PAYMENT TO TRUST FUNDS FROM GENERAL FUND FOR MILITARY SERVICE CREDITS

Then the final item, Mr. Chairman, is a request for payment to the trust funds from the general fund for military service credits. The request is for \$105 million for military service credits. The Social Security Act provides for reimbursement to the old-age and survivors insurance, the disability insurance, and the hospital insurance trust funds for the additional costs incurred since September 1, 1950, in paying benefits based on noncontributory military service credits.

Our request for \$105 million includes the annual installment required to amortize the current debt over a 50-year period plus a projection of the future costs of noncontributory military service credits, which is the procedure for reimbursement prescribed in the 1965 amendments.

Payments for \$105 million have been made to the trust funds in each fiscal year of 1966 and 1967. This is the same amount for 1968.

Senator HILL. Same amount for 1968?

Mr. BALL. Yes, sir. Mr. Chairman, that concludes my statement.

LANGUAGE PROPOSAL FOR UTILIZATION OF AVAILABLE FUNDS

Senator HILL. The following language is proposed to provide authorization for use of already appropriated funds for multilevel parking facilities and to cover a probable deficit in headquarters construction authorized in the 1965 and 1966 appropriations:

The funds appropriated for construction, alterations, and equipment of facilities are hereby made available for planning and design of multi-level parking facilities integral with buildings authorized for construction and a sum not to exceed \$800,000 for meeting higher than appropriated costs of structures for which appropriations were approved in fiscal year 1965 and 1966.

This language would not be effective until approval of the 1968 bill, would it, Mr. Kelly?

Mr. KELLY. That is correct, sir.

SUGGESTED PROCEEDING UNDER REPROGRAMING PROCEDURES

Senator HILL. Don't you have the authority to request the approval of the reprogramming?

Mr. KELLY. Yes, we could. We could submit a letter requesting that a reprogramming action be approved in the event that the bids came in higher for the plan you had already approved and the funds were available within the same appropriation.

Senator HILL. You could make that request.

Mr. KELLY. Yes, sir; we could.

Senator HILL. That might accomplish the job, might it not?

Mr. KELLY. Yes. Perhaps the best way to handle this—Mr. Ball wanted to bring to your attention the revision in our plans—would be if we submitted to you now a formal letter modifying our request for appropriations as Mr. Ball's testimony has done, and a suggested reprograming to take care of the increased cost for the projects that are nearing readiness for construction. Thus, we will accomplish both objectives in the most expeditious manner.

Senator HILL. Don't you think that would be a wise thing to do?

Mr. KELLY. I think so. We will do that.

Senator HILL. You will do that, will you?

Mr. KELLY. Fine, sir.

Senator HILL. Anything else you would like to add, Mr. Ball?

Mr. BALL. No, Mr. Chairman. I believe that completes my statement.

Senator HILL. This young lady proved she is good at mathematics. Anything you would like to add?

Mrs. TYSSOWSKI. No, sir.

Mr. BALL. This is Mrs. Tyssowski, Mr. Chairman, who is our budget officer.

Senator HILL. She recognized that zero even though it didn't have a ring around it. Anything you would like to add, sir?

Mr. CROOKS. No, sir.

Mr. FUTTERMAN. No, sir.

Senator HILL. I want to thank you all very, very much. We certainly appreciate it. We thank you very much.

Mr. BALL. Thank you.

ADMINISTRATION ON AGING

STATEMENT OF WILLIAM D. BECHILL, COMMISSIONER ON AGING,
ACCOMPANIED BY BERNARD E. NASH, DEPUTY COMMISSIONER
ON AGING; DONALD F. REILLY, EXECUTIVE OFFICER; DONALD D.
SMITH, JR., FINANCIAL MANAGEMENT OFFICER; JAMES F.
KELLY, ASSISTANT SECRETARY, COMPTROLLER; AND HENRY A.
NEIL, DIRECTOR, BUDGET DIVISION

APPROPRIATION ESTIMATE

ADMINISTRATION ON AGING

[SALARIES AND EXPENSES] COORDINATION AND DEVELOPMENT OF PROGRAMS FOR THE AGING

For grants for community planning, services, and training, and for grants and contracts for research and development projects and training projects, and for consultative services, technical assistance, training and other services, relating to programs for the aged and aging, and for salaries and expenses in connection therewith, as authorized by the Older Americans Act of 1965, **[\$10,275,000]** \$18,450,000.

Amounts available for obligation

Appropriation:
1967----- \$10, 275, 000
1968----- 18, 450, 000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Grants for community planning, services, and training-----		\$5, 367, 000		\$10, 550, 000		+\$5, 183, 000
Grants and contracts for research, demon- stration, and training-----		3, 000, 000		6, 400, 000		+3, 400, 000
Technical assistance, services, and ad- ministration-----	87	1, 275, 000	105	1, 500, 000	+18	+225, 000
Total obligations-----	87	9, 642, 000	105	18, 450, 000	+18	+8, 808, 000
Unobligated balance, reserve-----		633, 000				-633, 000
Total, obligations and balance-----	87	10, 275, 000	105	18, 450, 000	+18	+8, 175, 000

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Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	87	105	+18
Full-time equivalent of all other positions.....	3	3	-----
Average number of all employees.....	81	94	+13
Personnel compensation:			
Permanent positions.....	\$935,000	\$1,089,000	+\$154,000
Positions other than permanent.....	32,000	32,000	-----
Other personnel compensation.....	3,000	3,000	-----
Total personnel compensation.....	970,000	1,124,000	+154,000
Personnel benefits.....	68,000	79,000	+11,000
Travel and transportation of persons.....	98,000	119,000	+21,000
Transportation of things.....	4,000	8,000	+4,000
Rent, communications, and utilities.....	16,000	30,000	+14,000
Printing and reproduction.....	81,000	89,000	+8,000
Other services.....	516,000	518,000	+2,000
Supplies and materials.....	15,000	18,000	+3,000
Equipment.....	7,000	15,000	+8,000
Grants, subsidies, and contributions.....	7,867,000	16,450,000	+8,583,000
Total obligations by object.....	9,642,000	18,450,000	+8,808,000

Summary of changes

1966 enacted appropriation.....	\$10,275,000
Unobligated balance for reserve.....	-633,000
1967 total estimated obligations.....	9,642,000
1968 estimated obligations.....	18,450,000

Total change..... +8,808,000

Increases:

Program:

1. Increase for grants to States for community planning, services, and training.....	5,183,000
2. Increase in project grants for grants and contracts for research, demonstration, and training.....	3,400,000
3. Increase for technical assistance, services and administration.....	225,000

Total, program increases..... 8,808,000

Total, net changes requested..... 8,808,000

EXPLANATION OF CHANGES

1. Grants to States for community planning, services, and training

The Requested increase of \$5,183,000 will provide funds for the second and third year costs associated with grants funded by State agencies during fiscal years 1966 and 1967. Continuation costs will require about \$7,299,000 in 1968 to continue approximately 800-1,100 grants. State plan administration funds will require about \$1,132,000 of the \$10,550,000 requested. The request will permit the funding of about 240-300 new projects in 1968.

2. Project grants for research, demonstration, and training

The increase of \$3,400,000 will provide for the continuation of about 46 projects from 1966 and 1967 at a cost of approximately \$2,665,000. The request also provides for the funding of about 79 new projects at cost of \$3,735,000. We plan to fund one or two additional university based institutes of gerontology for the training of increased numbers of qualified persons to work in the field of aging. These institutes will teach interdisciplinary courses in gerontology, as well as curriculum in housing, community planning, and senior center direction. About 33 of the 79 new projects for 1968 will be to fund pilot projects for an expanded program of nutritional services. New approaches to the nutritional problems that are unique to older persons will be identified, demonstrated, and evaluated. New ideas in food service and packaging will be tried out along with expanded food services in the setting of senior centers, along with "meals on wheels" projects. The nutritional projects will require about \$2,000,000 of the \$3,400,000 increase that is requested.

3. Technical assistance, service, and administration

An increase of 18 new positions and \$225,00 is requested for this activity. The additional staff is needed if we are to carry out our role as focal point within the Federal Government for the stimulation and coordination of programs which affect older persons and if we are to maintain adequate stewardship of the grant programs administered under the Older Americans Act of 1965.

An increase of \$165,000 is requested to pay salaries and personnel benefits for approximately 70% of the year for the 18 new positions. An increase of \$60,000 is requested for other objects of expense. This includes an increase of \$21,000 for travel of new professional staff and to supplement travel funds for staff presently on duty. The remaining \$39,000 will provide the necessary other items of expense such as supplies, equipment, and communications costs associated with the new positions.

	Estimate to Bureau of Budget	Budget estimate to Congress	House allowance	Senate allowance	Appropriation
1964 ¹ -----	\$633,000	\$545,000	\$545,000	\$545,000	\$545,000
1965 ¹ -----	728,000	621,000	587,000	587,000	587,000
1966 ² -----	7,791,000	7,703,000	7,500,000	7,500,000	7,500,000
1967-----	12,410,000	10,300,000	10,275,000	10,275,000	10,275,000
1968-----	26,461,000	18,450,000	-----	-----	-----

¹ Prior to 1964, this activity was funded from "Salaries and expenses, Office of the Secretary" and "Salaries and expenses, Office of Field Administration." The activity for 1964 and 1965 was funded from "Salaries and expenses, Office of Aging, Welfare Administration."

² The \$7,500,000 appropriated in 1966 consisted of \$500,000 appropriated to the Office of Aging and \$7,000,000 appropriated to the Administration on Aging. Appropriation language in 1966 provided for merger of the 2 amounts upon establishment of the Administration on Aging and abolishment of the Office of Aging.

INTRODUCTION

Background

The Administration on Aging was created in July 1965 by the passage of the Older Americans Act of (P.L. 89-73). The Older Americans Act established the Administration as the seventh operating agency within the Department of Health, Education, and Welfare. This new agency became operational on October 1, 1965, with the enactment of a supplemental appropriation for the fiscal year 1966.

The Administration on Aging serves as focal point for the Federal Government's concern with the problems of older people. The major areas of concern include: adequate income, the best possible physical and mental health, suitable housing, opportunities for meaningful activity through employment and recreational programs, dignity in retirement, and availability of needed community services. The Administration functions as a traffic center of ideas for improving the lives of older Americans through progress in each of these areas. It also is charged with improving the coordination of existing resources and programs, stimulating their more effective use, promoting the development of new services and opportunities to meet the needs of older persons, direct support of research, development, demonstration, and training projects, and serving as an information clearinghouse on the needs and problems of the aging.

The programs and activities established in accordance with the Older Americans Act of 1965 (P.L. 89-73) are developing rapidly. The 1968 budget request is designed to continue the development of the State Agencies on Aging and their programs of local grants, to carry forward the program of direct project grants for research, development, demonstration, and training at the same level of new starts, to inaugurate an intensive new research, development, and demonstration effort to find the best ways to resolve the nutrition problems of older persons, and to provide a high level of technical services and administration of the programs.

The programs, and operations under them, are discussed in more detail below.

Activity 1.—Grants for community planning, services, and training

Grants:

1967 estimate-----	\$5,367,000
1968 estimate-----	10,550,000
Increase or decrease-----	5,183,000

The amount requested for 1968 is \$10,550,000, an increase of \$5,183,000 over 1967.

Background

Grant funds are allotted to State agencies under Title III of the Act according to formula on the basis of acceptable State plans submitted by the agencies. The State allotments are available for grants to pay part of the cost of community projects in the State. Projects are approved by the State agency in accordance with its State plan.

The formula for allocation provides that each State receive one percent of the total appropriated except the Virgin Islands, Guam, and American Samoa which receive $\frac{1}{2}$ percent, with the remainder allotted on the basis of the population aged sixty-five or over in each State as related to the total population in the nation aged sixty-five and over. These funds are used to pay up to 75 percent of the first year costs of projects in the State, up to 60 percent of the second year costs, and up to 50 percent of the third year costs. Projects are limited to three years of Federal support, and are to be established on a basis which seeks to assure continuation of desirable activities after termination of Federal support. States may use up to ten percent of their allotment or \$15,000, whichever is the larger, to pay up to one-half of the costs of the State agency.

The projects supported are for the following purposes: community planning and coordination of programs for the aged and aging; demonstrations of such programs and activities; training of special personnel to carry out such programs and activities; and establishment of new, or expansion of, existing programs.

Program developments

Fiscal year 1966 was primarily a start-up year. The Administration on Aging's efforts were divided between (a) organization, staffing, internal training, and development of policies and operating procedures for implementation of the program; and (b) consultation to the States in the designation of an agency to operate the program, development of the State plan to operate the program, organization of the State agency, development of an initial budget, and devising of State policies and operating procedures for handling grant applications.

Policies and procedures developed were incorporated into a Title III program operation manual which was issued to all State agencies. A meeting of State executives was held to orient them to the philosophy behind the manual, its content, and to steps necessary on their part to apply it to operations in their State. In addition, a State Letter series was inaugurated to serve as a formal communications channel for action items applicable to all States and issuance of future policy and procedure manual material.

During FY 1966 fifty-one jurisdictions designated agencies to administer the Title III program. Thirty-five State agencies submitted plans which were approved for operation of a program. Ninety-eight grants to local agencies were made by the first States to become operational.

Program implementation continues to move forward during fiscal year 1967. Eight additional States have submitted a State plan and these have been approved for program operation. We expect that by the end of the year there will be an approved State plan for 47 of the 55 jurisdictions. The number of project proposals is increasing steadily as States are taking action to commit both 1967 funds and 1966 carryover funds. Projection of current trends indicates that projects funded by the end of 1967 will total between 800 and 1,100.

These rapid steps forward are achieved despite a number of operational problems. There is a severe shortage of persons who are experienced in the field of aging, which makes staffing of the agencies difficult. Most State agencies are operating with a very small staff. Both governmental and non-governmental local agencies are eligible for grant awards, which poses additional problems in maintaining effective stewardship. These problems continue to require an unusually close working relationship with the State agencies, and constant, continuing consultation by our regional and headquarters staffs with State agency staffs.

The speed with which the Title III program is being implemented by the States, the variety of services being provided, and the extent to which these services and activities are directly affecting the lives of thousands of older

persons is indicative of the tremendous needs which exist for the elderly at the community level. Examples of the scope and variety of programs are set forth below. Examples of projects, page 49 of budget justification, left out.

Analysis of request

An increase of \$5,183,000 over the 1967 amount is requested under Title III of the Act. However, due to the one-time carryover provisions of the Older Americans Act, \$3,800,000 of the fiscal year 1966 appropriation which was not committed during the year is available for commitment during fiscal year 1967. This means that \$9,180,000 is actually available to the States for commitment in 1967. Thus, the real increase from the amount available in 1967 to the amount requested for 1968 is \$1 370,000 from a base of \$9,180,000 rather than the apparent increase of \$5,183,000 from a base of \$6,000,000. This is set forth in the table below. It shows in the 1966 column only the amounts actually committed in 1966 (out of the \$5,000,000 appropriation). The 1967 column includes the carryover amount from 1966 (\$3,800,000) plus the 1967 estimated obligations (\$5,367,000).

Title III—Grants to States for community planning, services, and training

	1966 actual		1967 estimate		1968 estimate	
	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount
1. Local projects:						
(a) Continuation costs.....	0	0	88	\$616, 000	1, 049	\$7, 299, 000
(b) New grants.....	98	\$922, 411	983	7, 079, 839	240	2, 118, 700
2. State plan administration funds.....	0	264, 303	0	1, 484, 447	0	1, 132, 300
Total.....	98	1, 186, 714	1, 071	9, 180, 286	1, 289	10, 550, 000

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The following table shows the State allotments for 1967 and the tentative allotments for 1967 and the tentative allotments for 1968.

State allotments for fiscal years 1966, 1967, and 1968 under Title III of the older Americans act of 1965

State	Actual, 1966	Estimate, 1967	Estimate, 1968
Alabama.....	\$86,000	\$103,200	\$181,460
Alaska.....	51,000	60,600	106,555
Arizona.....	64,000	77,400	137,150
Arkansas.....	76,500	91,800	161,415
California.....	247,500	298,800	528,555
Colorado.....	72,000	85,800	150,865
Connecticut.....	83,500	100,200	176,185
Delaware.....	55,000	66,000	116,050
District of Columbia.....	59,500	71,400	124,490
Florida.....	136,000	166,200	298,565
Georgia.....	90,500	108,600	190,955
Hawaii.....	54,500	65,400	114,995
Idaho.....	58,000	69,600	122,380
Illinois.....	184,000	219,600	385,075
Indiana.....	110,500	132,000	229,990
Iowa.....	94,000	112,800	197,285
Kansas.....	83,000	99,000	174,075
Kentucky.....	90,000	107,400	188,845
Louisiana.....	83,500	100,200	176,185
Maine.....	64,500	76,800	135,040
Maryland.....	82,000	99,000	174,075
Massachusetts.....	127,500	152,400	266,915
Michigan.....	139,000	166,800	293,290
Minnesota.....	99,500	119,400	208,890
Mississippi.....	76,000	90,600	159,305
Missouri.....	118,000	140,400	245,815
Montana.....	58,500	70,200	123,435
Nebraska.....	72,500	87,000	151,920
Nevada.....	52,500	63,600	111,830
New Hampshire.....	59,500	71,400	125,545
New Jersey.....	129,500	155,400	274,300
New Mexico.....	57,500	69,000	121,325
New York.....	285,000	342,600	601,350
North Carolina.....	94,500	113,400	200,450
North Dakota.....	58,000	69,600	122,380
Ohio.....	172,000	205,200	359,755
Oklahoma.....	84,000	100,800	177,240
Oregon.....	75,500	91,200	160,360
Pennsylvania.....	203,500	243,000	424,110
Rhode Island.....	62,000	75,000	130,820
South Carolina.....	71,500	85,800	150,865
South Dakota.....	60,000	72,000	126,600
Tennessee.....	92,500	111,000	196,230
Texas.....	156,500	189,000	334,435
Utah.....	58,500	70,200	123,435
Vermont.....	56,000	67,200	118,160
Virginia.....	90,500	108,600	190,955
Washington.....	88,000	105,600	185,680
West Virginia.....	73,500	88,200	154,030
Wisconsin.....	106,000	127,200	223,660
Wyoming.....	53,500	64,200	112,885
American Samoa.....	25,500	30,000	52,750
Guam.....	25,000	30,000	52,750
Puerto Rico.....	68,000	82,200	145,590
Virgin Islands.....	25,000	30,000	52,750
Total.....	5,000,000	6,000,000	10,550,000

Activity 2—Grants and contracts for research, demonstrations, and training

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Research and demonstration.....	42	\$1,507,000	86	\$4,155,000	+44	+\$2,648,000
Training.....	31	1,493,000	39	2,245,000	+8	+752,000
Total.....	73	3,000,000	125	6,400,000	+52	+3,400,000

The amount requested for 1968 is \$6,400,000, an increase of \$3,400,000 over 1967.

Background

These funds are for the support of direct project grants made under Title IV and V of the Older Americans Act. Title IV funds are to study current patterns and conditions of living of older people and for the development and demonstration of new approaches toward their achieving meaningful lives. Title V funds are used to support teaching and traineeship programs in aging, in-service courses for the development of skills which are in short supply, training conferences, and curriculum development in heretofore neglected areas.

Coordination with other research, demonstration, and training programs has been emphasized from the start. The agreements reached in 1966 with the other operating agencies of the Department and other Federal Departments have resulted in the exchange of a number of project proposals in 1966 and 1967 to assure that review, and funding, if approved, is handled by the most appropriate agency. This will continue in 1968.

The Administration on Aging has registered all projects with the National Science Information Exchange of the National Science Foundation in order to provide maximum accessibility of information as to projects funded.

Program developments

During 1966, 39 carefully selected grant proposals were funded. These grants totaled over \$1,499,000. A backlog of approvable projects was carried forward into 1967 because funds were not available.

Continuation costs for 27 of the 39 grants made in 1966 account for \$1,265,000, almost half of the funds available for 1967. The remaining funds are being used to support approximately 46 new projects in 1967.

We are also emphasizing joint approaches with other agencies on problems of mutual concern. For example, we have just joined with the Public Health Service in a program to support short-term training of nursing home administrators in ways in which they can meet the requirements for accepting patients who are beneficiaries under Title XVIII and Title XIX of the Social Security Act. The agreement involves joint personnel effort and funding, using Public Health Service short-term training funds and training funds under Title III and Title V of the Older Americans Act. The joint funding with Food and Drug Administration of a study of the susceptibility of older persons to consumer fraud is another instance.

Plans for 1968

In 1968 the Administration on Aging is requesting \$6,400,000 to carry out its responsibilities under Titles IV and V of the Older Americans Act of 1965. A total of approximately \$2,665,000 will be required to fund the second and third year costs of an estimated 46 grants continued from 1966 and 1967. Approximately \$3,735,000 will be available to fund an estimated 79 new projects during 1968, of which \$2,000,000 and 33 grants will be for pilot nutrition projects.

Research and demonstration

	1967 estimate		1968 estimate		Increase or decrease	
	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount
Continuation.....	20	\$645,000	31	\$1,293,000	+11	+\$648,000
New.....	22	862,000	55	2,862,000	+33	+2,000,000
Total.....	42	1,507,000	86	4,155,000	+44	+2,648,000

The research and demonstration projects funded represent the development of a range of new and improved services and information which point the way to involving greater numbers of older persons in community services, employment, and leisure time activities in both urban and rural areas of the nation. Several new approaches are being tested to reach the isolated homebound and institutionalized aged persons. Research studies are providing more accurate and complete knowledge of significant value in developing programs designed to help older drivers, retired women workers, the widowed and the older handicapped; also a better understanding of community needs and resources as they relate to aging, and of the types of community planning which best permit the older citizens to participate meaningfully and more fully in neighborhood life.

Training

	1967 estimate		1968 estimate		Increase or decrease	
	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount
Continuation.....	7	\$620,000	15	\$1,372,000	+8	+\$752,000
New.....	24	873,000	24	873,000	-----	-----
Total.....	31	1,493,000	39	2,245,000	+8	752,000

In the training area, particular emphasis is being given to two areas: (1) career preparation of professional personnel for important functions for which training has been virtually non-existent, and (2) development of short course curricula for employed professional and sub-professional personnel in order to begin remedying widespread staff shortages.

Plans for 1968

Under Title V during 1968, we plan to further develop the start which has been made on both long-term and short-term training. We also propose to lay the groundwork for a comprehensive program of training sub-professionals in the field of aging.

There is an urgent need for several thousand trained personnel at all levels in the field of aging. Provision of this trained personnel is basic to improvement of services to older persons. This is a long standing need that has been intensified with the implementation of such new legislation as the Older Americans Act and Medicare.

The types of professional training are illustrated by the projects set forth above. Sub-professional training will include areas such as recreation, home economics, employment services, and senior center work. The trainees in these latter areas will provide a much needed resource as ancillary personnel to work with specialists in aging at the community level. We will emphasize the selection of older persons for this type of training in order to provide employment opportunities, supplement income, and to provide opportunities to help others in their own age group.

We also plan to fund in 1968 one or two additional university based institutes of gerontology for the training of increased numbers of qualified persons to work in the field. These institutes will offer interdisciplinary courses in gerontology (reaching those in other disciplines such as law, medicine, architecture, etc.), as well as curricula in housing, community planning, and senior center direction. They are aimed at achieving the maximum coordination of training efforts.

Activity 3—Technical assistance, services, and administration

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	87	\$1,038,000	105	\$1,203,000	+18	+\$165,000
Other expenses.....		237,000		297,000		60,000
Total.....	87	1,275,000	105	1,500,000	+18	+225,000

Background

The Administration on Aging is charged with the responsibility of being the focal point within the Federal Government for the stimulation and coordination of programs which affect older persons. Carrying out this responsibility involves several equally important functions. The functions of the grants programs, the progress being made in carrying out these functions, and the grant funds requests, have been set forth in Activity 1 and Activity 2. The other major functions are interagency program development and coordination, the information clearinghouse function, and program management. Progress and plans in these areas are set forth in Activity 3, together with the justification of staff needed for all functions.

For fiscal year 1968, an increase of 18 positions, and \$225,000 is requested to fund the additional positions. This is the first increase in staff requested since the initiation of our programs during the fiscal year 1966. Experience during the past two years has shown us that additional staff is a basic necessity if we are to maintain adequate stewardship of our assigned roles. The grant programs have grown more than two-fold during the 1966-1968 three year period. In addition, we will initiate a sizeable program of nutrition services on a pilot project basis. The addition of 18 positions, by comparison, will increase the staffing level only about 20% during the same period of time.

New positions requested, fiscal year 1968

	Grade	Annual salary
Coordination and related activities:		
Senior program analyst.....	GS-14.....	15,106
Program analyst.....	GS-13.....	12,873
Program analyst.....	GS-12.....	10,927
Secretary (2).....	GS-5.....	10,662
Total (5).....		49,568
Project grant program: Grants specialist (1).....	GS-11.....	9,221
State grant program: Specialist on aging (1).....	GS-12.....	10,927
Public information:		
Publications writer.....	GS-12.....	10,927
Correspondence clerk.....	GS-5.....	5,331
Total (2).....		16,258
Program management:		
Senior program analyst (PPBS).....	GS-14.....	15,106
Management analyst.....	GS-12.....	10,927
Secretary.....	GS-5.....	5,331
Total (3).....		31,364
Nutrition services:		
Program director.....	GS-14.....	15,106
Nutritionist.....	GS-13.....	12,873
Food management specialist (dietitian).....	GS-12.....	10,927
Research and demonstration specialist.....	GS-12.....	10,927
Secretary.....	GS-5.....	5,331
Clerk-typist.....	GS-4.....	4,776
Total (6).....		59,940
Total, new positions all activities (18).....		177,278

1965 LANDMARK LEGISLATIVE ENACTMENT

Senator HILL. Commissioner on Aging, Mr. Bechill.

All right, sir. We are glad to have you and the member of your staff here. You may proceed now.

Mr. BECHILL. Mr. Chairman, my name is William D. Bechill. I am the Commissioner on Aging for the Administration on Aging, the newest operating agency of the Department of Health, Education, and Welfare. I appreciate this opportunity to appear before you today to discuss our program.

The President in his message of January 23, 1967, on older Americans called attention to the fact that in 1965, "the Congress enacted and I signed into law two landmark measures for older Americans."

OLDER AMERICANS ACT OF 1965

One of the measures the President referred to was the Older Americans Act of 1965. The Administration on Aging was created by this legislation and is charged with the implementation of the act.

The act recognizes the need for joint action by all levels of government and interested private agencies and organizations to provide a range of opportunities and services for our older citizens. The Administration on Aging is assigned the role of focal point for the Federal Government's concern in this area. Our 1968 budget request is designed to support a significant step in fulfilling this role.

BUDGET REQUEST

The 1968 budget request for the Administration on Aging is \$18,450,000 and 105 positions. This is an increase of \$8,175,000 and 18 positions over the 1967 appropriation of \$10,275,000 and 87 positions.

BUDGET BUREAU REDUCTIONS

Senator HILL. The budget cut down your original request, did they not?

Mr. BECHILL. Yes, sir.

Senator HILL. What would that reduction go to?

Mr. BECHILL. Well, this was a reduction in two principal areas. One was a reduction on the amount that we had originally requested for the State and community services program. The second general reduction was in the level that we had originally estimated as needed for our training, demonstration, and research programs.

Senator HILL. The total amount was some \$8 million; wasn't it, \$8,011,000?

Mr. BECHILL. Yes, sir.

Senator HILL. All right, sir.

INCREASES

Mr. BECHILL. The budget recognizes the increased emphasis that is planned by the President for programs dealing with the aged and aging.

The proposed increase of \$8,175,000 will provide \$4,550,000 for the funding of continuation costs and about 240 new projects in our title

III program of grants to States for community planning, service, and training. An increase of \$3,400,000 will fund continuation costs and about 46 new research, demonstration, and training projects. This increase also provides \$2 million for funding approximately 33 nutritional service pilot projects.

NUTRITIONAL SERVICE PILOT PROJECTS

Senator HILL. What will those pilot projects consist of?

Mr. BECHILL. Mr. Chairman, these will be projects that will be carried out to provide food service programs largely located in centers serving older people. They will also give us an opportunity to demonstrate other ways of providing services such as meals on wheels or home delivery meals through a variety of auspices.

In addition there will be some related research on some of the special nutritional problems of older people that require attention, although this part of the proposed program will be the smallest part.

Senator HILL. Will be the smallest part?

Mr. BECHILL. Yes. The reason for this type of research being included in here is that there is a general lack of baseline data that I think would be helpful in this area of concern. Nutrition and the lack of nutrition, as has been noted for some time, is one of the general health problems of older people.

TECHNICAL ASSISTANCE, SERVICE, AND ADMINISTRATION

For technical assistance, service, and administration, we are requesting an increase of 18 positions and \$225,000 in order to implement the new program of nutritional services and to handle increased workloads that have resulted during our first 2 fiscal years of operation.

Now, I would like to describe the request in more detail and to tell you about some of the progress that we have made during our initial year of operation.

WITNESS BACKGROUND

Senator HILL. All right, sir. What was your work before you undertook this job here, sir, if I may ask.

Mr. BECHILL. I was the executive secretary of the California Citizens Advisory Committee on Aging. This was the State commission in California. I served in that position for 5 years before coming here.

GRANTS TO STATES

Mr. BECHILL. Title III of the Older Americans Act authorizes a program of grants to States in order to establish and strengthen State and local agencies on aging and to assist them in the development of services for the elderly, coordination of these services, and opportunities for older persons to contribute their skills to their local communities.

AGENCY DESIGNATIONS

During 1966, 51 out of 55 jurisdictions designated agencies. A total of 33 State plans were submitted and approved. Nine plans have been approved during 1967, for a total of 44 approved State plans. By the

end of 1967 we expect that 47 States and territories will be in operation and that all 55 jurisdictions will be operational in fiscal year 1968.

PROJECT INITIATIONS

During the first 14 months of operation, almost 400 title III projects, offering a variety of services and activities for the aged, have been started across the Nation. There are approximately 200 additional projects in various advanced stages of development. We estimate that by the end of 1967 about 800 to 1,000 projects will have become realities to persons and communities which have awaited guidance and services for far too long a time.

Some examples of projects now in operation are:

SOCIAL SERVICES FOR ETHNIC GROUPS

In the mission district of San Francisco, bilingual persons help to bridge the language and cultural barriers in order that older residents may receive needed social services for the first time. Hot meals, for example, are being served for older persons in accordance with individual ethnic tastes and customs.

UTILIZATION OF SKILLS OF ELDERLY TO ASSIST OTHER ELDERLY

In several counties such as Frederick County, Md., Rusk County, Wis., and Maui County, Hawaii, there has been a recognition that many older people possess unusual and useful skills. These untapped resources are being utilized through projects which employ older persons in the community to provide needed services to other older people in their neighborhoods.

UTILIZATION OF ELDERLY IN VOLUNTEER SERVICES

In another area a project has been funded to establish a multiservice senior center in a small city's highrise apartment development for the elderly which will use older persons in volunteer roles; the center will provide recreation, education, health and medical counseling services, homemaking, visiting, shopping, and legal services; it will provide these services to older persons in surrounding communities through satellite centers.

Senator HILL. You speak about voluntary roles. Give an example of voluntary roles.

Mr. BECHILL. One of the best examples I could mention is the older person who is a volunteer in a health or welfare agency, but there are many other examples. In fact, we are finding throughout the country that there is a great need and a demand for older people as volunteers. This is reflected in a good many of our current projects.

Of course on the Federal level there is the Volunteers in Service to America program which is certainly not what you might call an easy program. I think 14 to 15 percent of the people enrolled in that program as VISTA volunteers are older people.

Other examples of new services and opportunities for older persons are set forth in the budget narrative.

FUNDING OF OLD AND NEW PROJECTS

The increase of \$4,550,000 for 1968 will enable us to continue about 800 to 1,000 projects funded during 1966 and 1967. It will also enable us to fund between 240 and 300 new projects. The increase will also provide additional funds for State plan administration. This is very important as many State agencies are still operating with only two or three professional staff members. The increase will allow funding one or two additional positions in most States so that more complete and comprehensive services may be provided to local communities.

RESEARCH, DEMONSTRATION, AND TRAINING GRANTS

The response to our program of research, demonstration, and training grants has been high. To date we have received 207 grant applications and have awarded 55 grants. These grants cover a wide range of approaches to the needs of older persons and manpower requirements in the field of aging.

TRAINING PROJECTS

Examples of some of the projects are: (1) a grant where older persons are being recruited and trained for part-time jobs such as supervising cafeterias and playgrounds in elementary schools, thus freeing time of teachers for their primary role.

This project has been a notable success and other school systems are very interested in implementing similar experiments.

(2) A training grant at the University of Minnesota has 15 graduate students already enrolled in a 12-month master's degree program in public administration in aging. The program is aimed at preparing mature students for responsible positions in community, State, and Federal agencies serving the aging.

Many other examples are set forth in the budget narrative.

FUNDING OF OLD AND NEW PROJECTS

In 1968 we are requesting \$4,400,000 to continue projects funded during 1966 and 1967 and to fund approximately 46 new grants, which maintains the current level of the program. In the training area we are moving toward the establishment of training institutes, which will provide a mixture of professional training, subprofessional training, and interdisciplinary instruction in aging; we will fund expansions and expanded geographic coverage of the most successful training activities conducted to date; and we will fund projects for further curriculum development and improvement.

RESEARCH AND DEMONSTRATION PROJECTS

In the research and demonstration area we will support additional studies on neglected problem areas for older persons such as transportation; we will support expanded demonstrations in varied settings of these projects which have tested out well on a small scale; and we will move a number of interesting new demonstration proposals into operation.

TRANSPORTATION

Senator HILL. You speak about transportation. Make that a little more specific with reference to the city.

Mr. BECHILL. Yes, sir. Mr. Chairman, transportation is one of the most major and serious needs that older people face today and the relevance of transportation to the needs of older people is quite important in considering the accessibility of services and facilities for the older person.

In many communities there is today a lack of good and effective public transportation. Consequently, even though a particular type of service or program might be developed, many times the persons who could benefit from this program are not able to reach the particular program.

I think this is a need that exists in both urban and rural areas. In the rural areas particularly, many older people who may be homebound have difficulty getting into town. We are finding, Mr. Chairman, that a good many of our present projects recognize the importance of transportation and are trying to build into the actual provision of the service some means of providing transportation.

DENVER COLLEGE OF LAW PROJECT

The most significant project we have currently under our title IV authority in this area is a project being carried out at the University of Denver College of Law. This involves a study of the various laws that have been adopted by the States relative to older people driving automobiles.

A second part of that study goes to looking at the particular kinds of driver training and retraining programs that are being developed and might be developed. We should have the results of this study very shortly and we think it may make a very significant contribution to this problem.

NUTRITION SERVICES

Mr. BECHILL. In 1968, an expanded program of pilot projects for the research, demonstration and evaluation of nutritional services is proposed. This program is budgeted at a level of \$2 million and is included in the increase of \$3,400,000 requested under the program of research, demonstration, and training grants.

This program will translate into action one part of the President's message on older Americans. It is well known that too many older people have serious nutritional problems which can lead to dependency. We propose to investigate special dietary problems of older persons, study the development of new and innovative ways to package food so that food preparation is more easily coped with by the elderly, and make innovations for the provision of meals, such as utilizing senior centers, and government and private cafeterias at off-peak hours to provide low-cost hot meals to older persons.

We believe this program can have a significant impact on providing a more meaningful life for many older Americans.

PRIVATE INDUSTRY CONTRIBUTION

Senator HILL. What is private industry doing along this line?

Mr. BECHILL. Private industry is already doing a great deal, particularly in the packaging area. Our staff has had some discussions with representatives of private industry around this whole area of new packaging, but there has also been interest expressed on the part of many of the centers as to how various new methods of packaging might be developed that go into the actual delivery of the meal, either in the center or if a center were to offer a "meal on wheels" service.

We hope that this would not duplicate what private industry has been doing in this area. We rather think it might complement.

Senator HILL. Complement rather than duplicate.

Mr. BECHILL. No, we would not duplicate.

Senator HILL. You wouldn't do that.

Mr. BECHILL. No, sir. I might say in particular programs that I am familiar with in California, even though the program may be operated by a nonprofit organization or a public agency, that there generally has been discussion with the commercial food firms in helping establish the program.

PROGRAM COORDINATION AND DEVELOPMENT

PERSONNEL INCREASE

For 1968, we are requesting an increase of \$225,000 to fund 18 new positions.

During the past 2 fiscal years our grant programs will have grown almost twofold. Our responsibilities in the role of catalyst and coordinator of programs for the aging has also been greatly expanded. With our greatly increased responsibilities, this will be our first request for additional staff. The new staff members are urgently needed if we are to maintain adequate stewardship of our assigned responsibilities.

LEGISLATION INITIAL IMPLEMENTATION

Mr. Chairman, the past 18 months has been a period of tooling up and initial implementation of vital new legislation. We have begun to move toward providing opportunities for a truly meaningful life for our older citizens and providing them with their rightful place in American society. We have ahead of us a period which will place great demands upon our resources for creativity and innovation.

But it is a very exciting time and we hope it will prove to be a most fruitful period. The enactment of our 1968 appropriation request will be a significant step toward meeting needs and moving toward the President's goals for older Americans.

This concludes my statement, Mr. Chairman. I will be happy to answer any questions or provide additional information.

BUDGET BUREAU REDUCTIONS

Senator HILL. Your reduction, as I brought out earlier, is \$8,011,000, is that right, sir?

Mr. BECHILL. Yes, sir.

Senator HILL. But you would have \$18,450,000, is that right?

Mr. BECHILL. Yes, sir.

Senator HILL. It is an increase of some \$8,175,000 over this year?

Mr. BECHILL. Yes, sir.

Senator HILL. Is this budget reduction going to impede your programs or your work much?

Mr. BECHILL. No, sir; I do not think so. I think it will enable us to move ahead and we can move ahead at this level.

Senator HILL. You can go forward at this level?

Mr. BECHILL. Yes, sir.

Senator HILL. Anything you other gentlemen would like to add?

Mr. KELLY. No, sir.

Mr. SMITH. No, sir.

Senator HILL. Anything you want to add, Mr. Kelly?

Mr. KELLY. No, sir.

Senator HILL. We certainly want to thank you, sir. We appreciate very much your statement. Thank you very, very much, all of you. Thank you very much.

Mr. KELLY. Thank you, Mr. Chairman.

SUBCOMMITTEE RECESS

Senator HILL. The subcommittee will stand in recess until 10 a.m. in the morning.

(Whereupon, at 11:58 a.m., Monday, April 3, 1967, the subcommittee was recessed to reconvene at 10 a.m., Tuesday, April 4, 1967.)

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1968

TUESDAY, APRIL 4, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, New Senate Office Building, Hon. Lister Hill (chairman), presiding.

Present: Senator Hill.

ST. ELIZABETHS HOSPITAL

SALARIES AND EXPENSES

STATEMENT OF DR. DALE C. CAMERON, SUPERINTENDENT, ACCOMPANIED BY M. K. MADDEN, EXECUTIVE OFFICER; LYLE C. VanMERE, CONSTRUCTION AND MAINTENANCE ENGINEER; F. M. HALL, BUDGET OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

"SAINT ELIZABETHS HOSPITAL

"SALARIES AND EXPENSES

"For expenses necessary for the maintenance and operation of the hospital, including clothing for patients, and cooperation with organizations or individuals in the scientific research into the nature, causes, prevention, and treatment of mental illness, such amount as may be equal to the difference between the amount of the reimbursements received during the current fiscal year on account of patient care provided by the hospital during such year and **[\$31,558,000]** **\$35,140,000."**

Amounts available for obligation

	1967	1968
Appropriation.....	\$8,865,000	\$9,044,000
Reimbursements:		
Other accounts.....	1,549,500	1,429,000
Trust fund accounts.....	125,000	125,000
Non-Federal sources.....	21,018,500	24,542,000
Proposed for separate transmittal:		
Pay supplementals:		
Appropriation.....	995,000	
Reimbursements—Other accounts.....	52,000	
Total.....	32,605,000	35,140,000

806 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Operation and maintenance	4,018	\$31,001,640	4,018	\$33,448,000	-----	+\$2,446,360
Training and education.....	42	1,126,210	42	1,189,000	-----	+62,790
Research	42	477,150	42	503,000	-----	+25,850
Total obligations.....	4,102	32,605,000	4,102	35,140,000	-----	+2,535,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	4,102	4,102	-----
Full-time equivalent of all other positions.....	174	184	+10
Average number of all employees.....	3,842	4,063	+221
Object Class:			
11 Personnel compensation:			
Permanent positions.....	\$23,042,455	\$24,594,455	+\$1,552,000
Positions other than permanent.....	761,445	776,445	+15,000
Special personal service payments.....	200,000	200,000	-----
Other personnel compensation.....	1,393,400	1,466,800	+73,400
Total, personnel compensation.....	25,397,300	27,037,700	+1,640,400
12 Personnel benefits.....	1,860,900	1,988,500	+127,600
21 Travel and transportation of persons.....	55,300	68,800	+13,500
22 Transportation of things.....	37,500	40,000	+2,500
23 Rent, communications, and utilities.....	299,000	310,500	+11,500
24 Printing and reproduction.....	32,000	32,000	-----
25 Other services.....	446,000	473,500	+27,500
26 Supplies and materials.....	3,845,000	4,084,000	+239,000
31 Equipment.....	577,000	1,009,000	+432,000
32 Lands and structures.....	100,000	141,000	+41,000
42 Insurance claims and indemnities.....	1,000	1,000	-----
Subtotal.....	32,651,000	35,186,000	+2,535,000
Deduct charges for quarters.....	-46,000	-46,000	-----
Total obligations by object.....	32,605,000	35,140,000	+2,535,000

SUMMARY OF CHANGES

1967 enacted appropriation.....	\$8,865,000
Proposed supplementals:	
Increased pay costs (Public Law 89-504).....	612,000
Other (wage board pay increases).....	383,000
Reimbursements	22,745,000
1967 total estimated obligations.....	32,605,000
1968 estimated appropriation.....	9,044,000
Reimbursements	26,096,000
1968 total estimated obligations.....	35,140,000
Total change:	
Appropriation	-816,000
Reimbursements	+3,351,000
Total	+2,535,000

Increases

	Base		Changes from base	
	Posi- tions	Amount	Posi- tions	Amount
A. Built-in:				
1. Annualization of:				
(a) 250 new positions authorized for part of fiscal year 1967		\$475,000		\$1,212,000
(b) Civilian pay increases:				
Public Law 89-504		1,044,000		77,100
Wage board		186,000		144,000
2. Increased electricity consumption attendant to re-wiring program		202,000		10,000
3. Average salary adjustments				248,000
4. Payments to employees' compensation fund		26,000		14,000
5. Extra day (365th) in fiscal year 1968		60,000		60,000
6. Payments to Civil Service Commission for Inter-agency Board of Examiners		10,300		6,000
Total, built-in increases				1,771,100
B. Program:				
1. Stipends for interns and residents		657,445		15,000
2. Travel		33,300		10,000
3. Motor vehicle rentals		22,000		3,500
4. Transportation of things		7,500		2,500
5. Increased postage		12,500		1,500
6. Visiting physicians (consultants)		98,000		10,000
7. Use of out-patient facilities at George Washington University		18,000		8,000
8. Research consultation services				1,400
9. Supplies		3,815,000		239,000
10. Equipment replacements		505,000		473,000
Total, program increases				763,900
Total, changes requested				+2,535,000

EXPLANATION OF CHANGES

PROGRAM INCREASES

1. Restoration of stipend funds diverted to provide mandatory Social Security coverage for medical and dental interns and residents.
2. Additional bus tokens for use by patients engaged in rehabilitation activities and a modest increase in travel funds for employee attendance at professional meetings.
3. Additional funds for rental of one passenger sedan and periodic rental of buses for special events.
4. Provision for the movement of household goods of certain new scarce-category employees as provided for under current Federal regulations.
5. Postage costs related to an intensified recruitment program.
6. Funds for additional visits of training-oriented visiting physicians (Consultants).
7. Additional funds to increase use of out-patient facilities at George Washington University for training of psychiatric residents.
8. Funds to permit securing under contract of highly specialized, but infrequently needed, research consultants services.
9. Additional supply funds to cover price increases, a larger out-patient load and expanded treatment programs.
10. Additional funds to cover the larger number of equipment items requiring replacement in 1968.

Salaries and expenses

	Estimate to Bureau of Budget	Budget estimate to Congress	House allowance	Senate allowance	Appropriation
1958	\$3,397,000	\$3,345,000	\$3,080,000	\$3,165,800	\$3,165,800
1959	3,619,000	3,450,000	3,442,000	3,442,000	3,442,000
1960	3,936,000	3,813,000	3,805,000	3,805,000	3,805,000
1961	6,312,000	4,424,000	4,572,000	4,572,000	4,572,000
1962	5,766,000	5,085,000	5,240,000	5,240,000	5,105,000
1963	25,495,000	5,974,000	6,332,000	6,332,000	6,332,000
1964	28,444,000	10,178,000	7,816,000	7,816,000	7,852,000
1965	9,139,000	9,429,000	9,216,000	9,216,000	9,620,000
1966	11,192,000	10,084,000	10,217,000	10,217,000	10,290,000
1967	10,188,000	8,078,000	8,911,000	8,911,000	18,865,000
1967 proposed supplemental	995,000	995,000			(2)
1968	9,099,000	9,044,000			

¹ Estimate. Difference between estimated appropriation and House and Senate allowance is due to changes in estimated patient load.

² Proposed supplemental to cover general schedule (Public Law 89-504) and wage board salary increases.

NARRATIVE JUSTIFICATIONS

INTRODUCTION

Saint Elizabeths Hospital (1) provides treatment and care for the mentally ill who are either beneficiaries of the Federal Government or residents of the District of Columbia which reimburses the Hospital for its patients, (2) trains persons in the medical, nursing and associated disciplines concerned with the treatment of psychiatric patients, and (3) conducts and cooperates with others in scientific research activities dealing with mental illness.

Programs of the Hospital are financed by Federal appropriations covering treatment and care of Federal beneficiaries and by reimbursements made to the Hospital for services rendered other patient groups, principally residents of the District of Columbia. Federal appropriations to the Hospital are of the indefinite type, under which the Hospital receives in appropriated funds the difference between the amount of reimbursements actually received during the fiscal year, on account of patient care provided by the Hospital, and the total program costs approved by the Congress for the year. Reimbursement rates for reimbursable patient groups other than the District of Columbia are based on a pro rata share of the total program costs. Charges to the District of Columbia are based on the estimated mean (or average) cost per patient day of the upper ten percent of the states. The Hospital has been designated a "Provider of Services" by the Social Security Administration and approved for participation in the Health Insurance for the Aged Program, Title XVIII of the Social Security Act. Reimbursement charges are adjusted, where appropriate, for medicare payments received under the Act. A table reflecting estimated receipts from the foregoing sources for fiscal years 1967 and 1968 is shown on page 815.

The functions of the Hospital are carried out under the following three activity headings:

1. Operation and Maintenance
2. Training and Education
3. Research

Justifications for budget changes proposed in 1968 are covered by activity in the narrative material which follows. Explanation of those changes common to all activities is given in detail under Activity 1, with only appropriate citations made under the other two activity headings.

1. Operation and maintenance

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	4, 018	\$25, 762, 990	4, 018	\$27, 453, 750	-----	+\$1, 690, 760
Other expenses.....		5, 276, 350		6, 031, 950	-----	+755, 600
Subtotal.....	4, 018	31, 039, 340	4, 018	33, 485, 700	-----	+2, 446, 360
Deduct charges for quarters.....		-37, 700		-37, 700	-----	
Total.....	4, 018	31, 001, 640	4, 018	33, 448, 000	-----	+2, 446, 360

General statement

This part of the 1968 estimates covers the general operation and maintenance activities of the Hospital. The primary function carried on under this activity heading is the treatment and care of mentally ill patients. Obligation data for the activity are based on an estimated average "inhospital" patient load of 5,726 in fiscal year 1967 and 5,558 in 1968. The anticipated decrease in patient population, principally in District of Columbia categories, reflects the probable effect of improved treatment techniques and efforts to transfer to other facilities a number of patients who no longer require care in a mental hospital. Detailed data on actual and estimated average daily patient population in Saint Elizabeths Hospital is furnished on page 815.

The budget proposed for this activity in 1968 provides principally for coverage of several built-in or mandatory operating cost increases such as the annualization of positions new in 1967, pay raises and other increases in the Hospital-wide average salary. In addition, certain essential program improvements are provided for, mainly in the areas of equipment replacement and procurement of necessary supplies. Although no new positions are proposed in 1968, average employment will increase measurably as a result of the annualization or full year use of the new positions authorized for part of the current fiscal year. When applied to the projected lower patient load, this will result in an upward adjustment of the patient/employee ratio from 67 employees per 100 patients in 1967 to an estimated 73 per 100 in 1968. This action will permit desirable improve-

ments in the standards of patient treatment and care. Specific changes in funding levels are set forth in the following narrative.

PERSONAL SERVICES

The 1968 personal services budget proposed for the Operation and Maintenance Activity provides for total obligations of \$27,453,750, an increase of \$1,690,760 over the amount anticipated for the purpose in fiscal year 1967. The increase covers the following mandatory items:

Annualization of Positions New in 1967, \$1,159,660

The amount requested will provide for full-year staffing of the 243 new positions authorized for this activity in 1967. Requests for annualization of seven other new positions approved for the Training and Research activities will be covered separately under those activity headings. The additional funds are required for restoration of the amount lapsed out of current year funds for anticipated delays in the initial filling of the new jobs, all of which are expected to be occupied by 6/30/67.

Annualization of Wage Board Increases, \$144,000

Wage board hourly rate increases granted in December 1966 to employees serving in prevailing rate system positions will cost the Hospital an additional \$330,000 per year. An amount of \$186,000 to cover the partial year cost of these increases is included in the budget for the current fiscal year. An additional \$144,000 will be required in 1968 to cover full year costs.

Annualization of General Schedule (P.L. 89-504) Pay Increases, \$74,575

Salary increases authorized under the provisions of the Federal Salary and Fringe Benefits Act of 1966 (P.L. 89-504) will cost Saint Elizabeths Hospital an estimated \$1,121,100 annually. \$1,044,000 of this cost, covering the partial year increases in 1967, is provided for in the current year budget. An additional sum of \$77,100 will be required in 1968 to cover the full year cost of these increases. Of the \$77,100 total, \$74,575 is required for positions covered by this activity, with the balance applicable to the Training and Research activities.

Increase in Average Salary, \$240,400

An additional \$248,000 (\$240,400 of which is attributable to this activity and the balance to the Training and Research programs) is required in 1968 to restore approximately 40 man-years of employment and relieve the severe strictures placed upon the Hospital's staffing program by unavoidable increases in the average salary of graded positions. The average salary has increased, despite every effort of restraint and control, because of (1) the increasing numbers of employees who have qualified for higher grades on the basis of training, experience, assumption of more complex duties and revisions in Civil Service Commission standards, and (2) personal service costs attributable to within-grade step increases which have not been offset by staffing turnover. The additional sum requested will permit the Hospital to meet these increased costs and restore its staffing program to more nearly normal operating levels.

Pay in Excess of 52-Week Base, \$58,125

A total increase of \$60,000 will be required in 1968 (\$58,125 attributable to this activity) for salary payments in excess of the 52-week base. The additional funds will be needed to cover the cost of the 366th day in 1968—a leap year.

Payment to Employees' Compensation Fund, \$14,000

An additional \$14,000 is included in the 1968 budget for mandatory payments to the Employees' Compensation Fund. The payment is required under the provisions of P.L. 86-767 and is based on computations of the Bureau of Employees' Compensation, Department of Labor.

OTHER EXPENSES

Obligations for other expenses proposed in the 1968 budget for this activity total \$6,031,950, an increase of \$755,600 over the levels anticipated in the current fiscal year. The specific items of increase are as follows:

Travel and Transportation of Persons, \$8,000

An additional \$8,000 in travel funds is requested to (1) permit some measure of improvement in staff participation at meetings of professional groups and (2) meet an increasing need for bus tokens for patients' use in connection with the Hospital's expanding rehabilitation programs. The ability to attend meetings and gatherings of professionals for the purpose of keeping abreast of developments in

the various medical and nursing disciplines is extremely important to both staff and the Hospital. Funds presently available for this purpose are extremely restrictive, permitting less than one-third of the staff members, who could reasonably be expected to benefit, to attend one such meeting a year. The Hospital proposes to increase its attendance at meetings budget by \$5,000, thus making it possible for an additional 33 staff members to attend at least one meeting a year. The balance of the requested increase (\$3,000) would be applied to the purchase of bus tokens for issuance to patients involved in the establishment or renewal of contacts with families, friends and potential employers preparatory to their return to the community. It is the practice of the Hospital to furnish bus tokens to patients who need them and who are engaged in bona fide rehabilitative efforts.

Vehicle Rentals, \$3,500

Requirements for the rental of vehicles from the General Services Administration motor pool have increased sharply because of (1) the increasing demand for patient and staff transportation to local courts in connection with hearings, (2) expanding rehabilitation activities, particularly in the social service areas, and (3) movement of patients to special rehabilitative functions such as camping trips, concerts, sporting events, etc. To meet these increasing needs, the Hospital requests an additional \$3,500 to provide for the annual rental of one additional passenger car and the periodic rental of special buses.

Transportation of Things, \$2,500

A number of replacement employees for whom recruitment is planned outside of the local area will possess scarce-category skills which, under existing regulations, will entitle them to reimbursement for the transportation of household goods and related costs connected with the relocation of their homes in the District of Columbia. Under the intensified recruitment program planned for 1968, the Hospital estimates that it will recruit approximately ten such employees, five of whom will want to avail themselves of this privilege. The \$2,500 included in the 1968 budget for this purpose is based on an estimated average cost of \$500 per employee.

Postage, \$1,500

During 1968 postage requirements are expected to increase, principally as the result of intensified activity by the Hospital's Personnel Office in the recruitment of qualified replacement employees, particularly in the difficult-to-fill highly skilled and scarce professional categories. Considerable effort will be directed toward recruitment outside of the metropolitan Washington area, and this will entail increasing amounts of correspondence. To meet these needs, the Hospital requests approval of a \$1,500 increase in its postage account.

Electricity, \$10,000

A program of replacement and modernization of basic electrical facilities throughout the Hospital has been underway for several years. As a result of this program, the electricity consumption rate for the Hospital has increased approximately 5% annually and is expected to continue to do so until the re-wiring program is completed. An additional \$10,000 has been included in the budget to cover this anticipated increase in cost.

Payment to Inter-Agency Board of Examiners, \$6,000

Mandatory payments to the Civil Service Commission in the coming fiscal year for services from the CSC Inter-Agency Board of Civil Service Examiners will be increased \$6,000 over the current year levels. A request for funds to cover the additional cost is included in the 1968 budget estimates.

Payments for Check Processing, \$2,100

Average employment in 1968 will increase approximately 221 man-years primarily as a result of the annualization of the 250 new positions authorized on a partial year basis in 1967. Payments to the DHEW Central Payroll Office for the processing of salary checks for the additional personnel will be increased by an estimated \$2,100. The 1968 budget includes the additional funds required for this purpose.

Supplies and Materials, \$234,000

A total of \$4,069,000 is requested in FY 1968 to provide more nearly adequate levels of supplies and materials for Hospital operations under this activity head-

ing. The request, which represents a net increase of \$234,000 over the amount allocated for the purpose in the current fiscal year, gives appropriate consideration of such factors as (1) price increases experienced by the Hospital and reflected in the indices of the Bureau of Labor Statistics, (2) anticipated reductions in the average "in-hospital" patient load, (3) adjustments where appropriate for coverage of the needs of a sharply increased "out-patient" load and (4) proper reflection of the additional supply requirements generated by the expanded and changing programs and activities of the Hospital.

A primary prerequisite to effective treatment and care is the furnishing of supplies in quantity and quality adequate to enable staff to carry out its responsibilities to patients. Personnel, regardless of number and training, cannot achieve the desired results without tools and materials with which to work. With the exception of fuel funds, the amounts available to the Hospital in the last few years have not met even minimum needs if such needs are properly defined as the actual requirements for essential needs of patients and reasonably adequate maintenance of the Hospital's physical plant and facilities.

Budget allowances for supplies and materials at Saint Elizabeths traditionally have been based on estimates of the average number of patients provided treatment and care in the Hospital. This method of evaluating needs is basically the reason for the Hospital's present supply problems. Under this system, allowances generally have been reduced in almost direct relationship to declines in the "in-hospital" patient load, without (1) adequate regard and consideration of other factors such as program expansion and (2) proper recognition of the needs of a rapidly increasing number of convalescing patients on "out-patient" status who still require substantial amounts of service and supplies, particularly drugs and medicines. To correct this situation, the Hospital has made provisions in its 1968 budget requests for increased allowances to meet what it considers to be minimum requirements for proper treatment and care of both its in-patient and out-patient responsibilities, and for effective maintenance of its physical facilities.

A breakdown of the proposed obligations by major supply category is shown in the following statement:

	1967 estimate	1968 estimate	Increase
Food	\$1,964,000	\$2,041,000	\$77,000
Patient clothing	318,000	336,000	18,000
Drugs and medicines	422,000	450,000	28,000
Medical supplies	139,000	150,000	11,000
Coal and fuel oil	313,000	313,000	-----
Other supplies	679,000	779,000	100,000
Total	3,835,000	4,069,000	234,000

The supply requests are based on prevailing price levels and on actual needs as indicated by current operating experiences of the Hospital.

Equipment, \$188,000

The Hospital operates an annual equipment replacement program under which items are replaced in the year in which their useful life expires. The number of items scheduled for replacement in fiscal year 1968 is substantially greater than that of the current year. After appropriate adjustments and reductions for anticipated replacements through surplus acquisitions without cost and probable deferrals, the Hospital estimates the total replacement program for the coming year will cost an additional \$473,000 over the amounts currently available. The 1968 estimates make provision for this increased cost.

The balance of the increase requested for this activity (\$15,000) reflects the continuing need of the Hospital for new or additional (i.e. non-replacement) items, and represents in fact a transfer of currently authorized funds, there being an equivalent decrease in new or additional equipment funds elsewhere in this budget under the Research Activity heading. The 1968 program will enable the Hospital to meet its most pressing needs of this type, particularly in medical and surgical areas. Among the items most in demand at this time are refrigeration and ice producing equipment for medical, surgical and laboratory use, a fluororadiographic unit, respirators and related pulmonary equipment, bacteriological testing equipment, portable oxygen units, film processing

equipment, mechanized housekeeping items and various types of food preparation and handling equipment.

2. Training and education

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	42	\$1,071,460	42	\$1,113,250	-----	+\$41,790
Other expenses	-----	63,050	-----	84,050	-----	+21,000
Subtotal.....	42	1,134,510	42	1,197,300	-----	+62,790
Deduct charges for quarters.....	-----	-8,300	-----	-8,300	-----	-----
Total	42	1,126,210	42	1,189,000	-----	+62,790

General Statement

The Training and Education Program of Saint Elizabeths Hospital provides multidisciplinary clinical training for professional and associated personnel engaged or interested in mental health activities. Principal objective of the program is to increase the number and improve the skills of persons serving in medical, nursing and ancillary disciplines concerned with the treatment and rehabilitation of the mentally ill. In recognition of the national significance of the program, 40% of the cost of this activity is financed through direct Federal appropriations.

The program provides internships and residencies (with stipends) in many of the medical specialties (e.g. psychiatry, neurology, pathology, general medicine), in dentistry, psychology, psychodrama, chaplaincy, occupational therapy, etc. Formal affiliation programs in psychiatric nursing are offered to students of other hospitals or training institutions. In addition to full-time programs, externships and other forms of part-time or short-term training are offered to medical students, graduate nurses, social workers, law enforcement and public safety personnel, and others. In total, the Hospital expects to provide training on either a full-time or part-time basis to approximately 1,400 individuals in the current year and 1,500 in the budget year. In addition to adding to the nation's resources of trained mental health personnel, the training and education program serves the Hospital as a valuable source of recruitment for many of its scarce-category medical officers and other related professional staff.

Changes in the obligation levels for the Training and Education Activity in fiscal year 1968 are set forth below:

PERSONAL SERVICES

No new training positions are proposed for 1968. An increase of \$41,790 is requested, however, for the following personal service items:

1. Annualization of positions new in 1967.....	\$21,340
2. Annualization of General Schedule and related pay increase costs.....	1,775
3. Increase in average salary.....	2,700
4. Pay in excess of 52 week base.....	975
5. Restoration of intern and resident program.....	15,000
Total	41,790

Items 1 through 4 represent increases which are common to the Operation and Maintenance, Training and Education, and Research activities. Detailed explanations of these items appear under Activity 1 and are not repeated here.

The fifth item (restoration of intern and resident program) is required as the result of extension of Social Security coverage to the Hospital's interns and residents. Under the provisions of Public Law 89-97 (Section 311), stipends paid to the Hospital's interns and residents in medical and dental specialties are now subject to Social Security coverage. The Hospital in 1967 is meeting the mandatory cost of this extended coverage (\$15,000) through a reduction of three man years in the authorized FY 1967 intern and resident program. Approval of the \$15,000 requested for this purpose in FY 1968 will make possible the restoration of the intern and resident program to its former level of 124 man years.

Although no dollar increase is required for the purpose, the Hospital requests authorization to increase its present programs for the training of affiliate student nurses (who receive no compensation except partial maintenance) from its present level of ninety each year to an average of 120 trainees in 1968. This request is made in view of the recognized national shortage of trained nurses, particularly in the mental health fields.

OTHER EXPENSES

Obligations proposed for other expenses under this activity total \$84,050, or \$21,000 over current-year levels. The amount requested is distributed among the following items of increase:

Travel, \$1,000

An increase of \$1,000 for travel is requested in 1968 to permit greater participation of the training staff in meetings of professional groups and for visits to other institutions on official Hospital business, particularly trips to colleges, universities and medical centers to encourage promising students to enter training for positions in the mental health field.

Visiting Physician (Consultant) Fees, \$10,000

The Hospital proposes an additional 200 visiting physicians (consultant) visits @ \$50 per visit for this activity in 1968. The additional consultations requested will bring to the Hospital outstanding medical specialists to consult with the training staff and trainees on diagnostic and treatment problems for which these specialists are widely recognized as authorities, and whose availability to the Hospital will improve both the quality of patient care and the quality of instruction for trainees. The majority of these individuals occupy senior academic professional positions and possess highly specialized knowledge and technical ability in some particular field considerably beyond that of the average well-trained specialist.

Contract with George Washington University, \$8,000

The Hospital maintains a contractual relationship with George Washington University under which it uses the outpatient facilities of the University Hospital and the supervision of members of the medical school staff for the training of psychiatric residents. Under this program psychiatric residents gain valuable experience by conducting supervised therapy for the outpatients of that facility. This program is both a valuable supplement to the intramural training program, and a necessary adjunct to the Hospital's accreditation as a psychiatric training institution. The additional funds requested will permit use of clinic facilities for two additional nights per week, and make possible an increase in the number of residents trained from 16 to between 20 and 25 each week.

Supplies, \$2,000

A minor increase of \$2,000 for supplies is requested in 1968 to keep pace with the expanding activities of this program.

3. Research

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	42	\$42,750	42	\$459,200	-----	+\$35,450
Other expenses.....		53,400	-----	43,800	-----	-9,600
Total.....	42	477,150	42	503,000	-----	+25,850

General Statement

The Research Activity of Saint Elizabeths Hospital has as its goal the development of new knowledge and understanding concerning the causes of mental disorders, the factors bearing upon the manifestations, course and treatment of such disorders, and any possible means of their prevention. Under this activity heading, the Hospital plans, develops and implements research programs and projects appropriate to its function as a major Federal psychiatric institution;

provides liaison with the National Institute of Mental Health in the development and execution of joint and mutually dependent clinical research operations; and develops programming consistent with the authorized eligibility of the Hospital for Public Health Service research grants. In recognition of its national scope and importance, this activity is 100% Federally financed through direct Congressional appropriations.

Studies conducted under this program involve basic and applied research in the human behavioral sciences, utilizing the methods of clinical and experimental psychiatry and psychology, human physiology and social sciences. Considerable emphasis is given in this area to the development and use of objective electronic measurement techniques. During the budget year, continued efforts will be expended in the investigation of (1) the role of personality variables in mental disorders, with special attention to the evaluation of existing methods and the development of new methods as required, (2) communications processes in relation to mental disorder, especially the syntactic and semantic characteristics of communication disorder in the mentally ill, and the development and use of quantitative methods for their investigation, (3) patterns of mentally-related, pathological and physiological reactivity in certain major types of mental disorder, and the effect of particular treatment procedures upon these patterns, (4) the direct and objective assessment of normal and pathological behavior under laboratory conditions, with special attention to the conditions under which such behavior develops and/or can be modified, (5) the psychological, social and constitutional characteristics of mentally ill persons who commit serious criminal offenses, (6) the relationships between bodily physiological symptoms and behavior, with regard to mental illness, and (7) the relationship of sociological variables to the occurrence and course of mental illness.

Funding changes proposed for this Activity in fiscal year 1968 are set forth below:

PERSONAL SERVICES

No new research positions are proposed for 1968. However, personal services obligations are expected to increase by \$35,450 for the following items:

1. Annualization of positions new in 1967-----	\$28,900
2. Annualization of GS and related pay increase costs-----	750
3. Increase in average salary-----	4,900
4. Pay in excess of 52-week base-----	900
Total -----	35,450

The increases reflected above are common to all three Hospital activities and have been explained in detail under the Operation and Maintenance Activity.

OTHER EXPENSES

Obligations for other expenses proposed in the 1968 budget for this activity total \$43,800, a net decrease of \$9,600 below the amount available in the current year. The net reduction results from the following changes:

Travel, +\$1,000

Funds currently available for attendance of professional meetings and visits to other research and educational centers are very limited. In order to enable staff members to keep abreast of developments in their fields, and permit them to attend discussions and consultations regarding on-going and proposed research projects, the Hospital requests an additional \$1,000 for this account.

Research Consultation Services, +\$1,400

An additional \$1,400 is requested for the securing under contract of highly specialized but infrequently needed talents and services required for on-going research projects. The amount requested will cover an estimated 25-50 engagements at an approximate average cost of \$50.

Supplies, +\$3,000

An additional \$3,000 is requested to meet the continually expanding need for supplies and materials required in connection with the increasing number of investigations and studies underway and proposed. The requested increase will make possible the acquisition in required quantities of such badly needed materials as magnetic tapes, photocopy supplies, small electronic components and other research-type items which are currently not available or in short supply.

Equipment, —\$15,000

Obligations for research equipment are expected to decrease in FY 1968 by \$15,000 to a level of \$25,000. During the budget year the Hospital plans to use its research equipment funds for the purchase of such items as video tape equipment, recording and measuring devices and electronic desk calculators with special features for the more advanced forms of statistical work.

Reimbursement detail

	Estimate, 1967	Estimate, 1968	Change increase (+) or decrease (—)
Reimbursements for services performed (patient care):			
Veterans' Administration.....	\$1,132,000	\$914,000	—\$218,000
U.S. Soldiers Home.....	66,300	67,400	+1,100
Public Health Service (Indians).....	22,100	24,500	+2,400
U.S. Nationals.....	265,100	294,400	+29,300
U.S. Prisoners.....	110,500	122,600	+12,100
Social security (medicare payments).....	125,000	125,000	-----
Other.....	5,500	6,100	+600
Subtotal.....	1,726,500	1,554,000	—172,500
Payment received from non-Federal sources:			
Patient care: District of Columbia.....	20,956,500	24,480,000	+3,523,500
Officers' board.....	3,650	3,294	—356
Cafeteria sales.....	53,655	53,802	+147
Sale of scrap.....	4,695	4,904	+209
Subtotal.....	21,018,500	24,542,000	+3,523,500
Total reimbursements.....	22,745,000	26,096,000	+3,351,000
Per diem rate:			
District of Columbia.....	\$12.18	\$14.47	+\$2.29
Other.....	15.12	16.76	+1.64

Statement of average daily patient population

	1966 actual	1967 estimate	1968 estimate
Reimbursable:			
Public Health Service (Indians).....	5	4	4
District of Columbia (residents).....	3,954	3,805	3,692
District of Columbia (voluntary and nonprotesting).....	317	346	366
District of Columbia (prisoners).....	513	510	510
District of Columbia (jury trial).....	84	81	78
U.S. Soldiers' Home.....	16	12	11
Veterans' Administration.....	253	205	149
U.S. nationals.....	48	48	48
U.S. prisoners.....	22	20	20
Other.....	1	1	1
Reimbursable total.....	5,213	5,032	4,879
Nonreimbursable:			
U.S. Army.....	137	122	115
U.S. Coast Guard.....	11	11	10
District of Columbia nonresident.....	344	352	352
U.S. Marine Corps.....	12	8	8
U.S. Navy.....	48	45	42
Public Health Service.....	12	12	11
Virgin Islands.....	112	106	103
Miscellaneous.....	40	38	38
Nonreimbursable total.....	716	694	679
Total patients.....	5,929	5,726	5,558

INTRODUCTION OF WITNESSES

Senator HILL. The subcommittee will come to order.

Doctor, we will be happy to have you proceed in your own way.

Dr. CAMERON. Thank you, Senator Hill.

Before proceeding, I would like to present Mr. VanMere, our Chief of Maintenance; Mr. Hall, our Budget Officer, and Mr. Madden, our Executive Officer.

Senator HILL. We are glad to have you with us.

Dr. CAMERON. Dr. Harris, our first assistant physician is unavoidably absent this morning.

PROGRAM OBJECTIVES AND BUDGET REQUEST

Mr. Chairman and members of the committee, I welcome this opportunity to meet with you to present the program proposals and appropriation requests of St. Elizabeths Hospital for fiscal year 1968.

The primary objective of all programs at St. Elizabeths Hospital is the rehabilitation and return to the community of as many patients as possible. Today, efforts of the hospital to achieve this objective are channeled and directed through three distinctly separate but closely interrelated and interdependent activities: treatment and care of the patient, training and education of mental health personnel, and scientific research into the nature, causes, treatment, and prevention of mental illnesses. The hospital seeks, with all available means to provide therapeutic, protective, and rehabilitative programs utilizing professional, scientific, and other resources from many fields.

PATIENT POPULATION DATA

During the past decade, the patient population of St. Elizabeths Hospital underwent substantial change. The average daily resident or in-hospital patient load was reduced almost 1,200 patients or 17 percent—from 7,120 in 1956 to 5,929 in 1966.

I might add parenthetically that the majority of that reduction occurred in the last 3 or 4 years.

Most significantly, this reduction was achieved despite continued increases in the number of admissions which rose from 1,327 in 1956 to a record high of 2,162 in the past fiscal year.

Senator HILL. This population here has been growing tremendously but you have been able to reduce your case load.

Dr. CAMERON. While the admissions have increased, we have reduced the in-house population.

During the same period, the average number of patients who progressed from full-time inpatient status to some form of outpatient program increased from 318 to 1,640, or more than five times. Similarly, the number of discharges from the hospital almost doubled from a total of 884 10 years ago to 1,685 in 1966.

The hospital expects to effect continued reductions in the average resident patient population from an actual of 5,929 in 1966 to 5,726 in 1967 and 5,558 in 1968. This anticipated further decrease of over 370 patients reflects the probable continued effect of the intensification of treatment programs made possible by staffing and material improvements authorized by the Congress over the past several years and, to a

certain extent, the outplacement of patients for whom appropriate treatment and care can be provided in other facilities.

Senator HILL. Do you have other pretty good facilities here in this area?

Dr. CAMERON. Not particularly.

Senator HILL. That is what I was thinking. You don't have facilities as good, perhaps, as other cities of this size and the population really would justify.

Dr. CAMERON. Most of our placement has been into outpatient and foster homes but not into nursing homes. Nursing homes are quite lacking in number in the District.

Senator HILL. In this area?

Dr. CAMERON. Yes.

Senator HILL. That is what I thought.

You mean they think because they are in the District they are not going to get old?

Dr. CAMERON. I don't know. Maybe they are going to move somewhere else in their later years.

Senator HILL. That may be true. A lot of them don't think of this as their real home in the sense that they will remain here the rest of their lives; is that right?

Dr. CAMERON. I suppose that is true, but the fact is that many people grow old in the District.

Senator HILL. I understand that. Many of us lose our hair. Isn't that right, Doctor?

Dr. CAMERON. That is happening to me.

Senator HILL. Go ahead, Doctor.

FINANCING

Dr. CAMERON. Budget estimates of St. Elizabeths Hospital are set forth under two appropriation headings. The salaries and expenses appropriation provides funds for the general operation and maintenance of the hospital, including training and research activities.

Operating funds for this account are obtained through annual direct appropriations covering most Federal beneficiaries and reimbursements for care rendered other patient groups, principally residents of the District of Columbia. Appropriations under this heading are of the indefinite type, under which the hospital receives in appropriated funds the difference between the amount of reimbursements received during the year and the total program costs for the year as approved by the Congress.

The buildings and facilities appropriation account covers capital outlay for new construction and for major alterations and improvements of existing hospital facilities. The account is financed by direct Federal appropriations. However, in accordance with Public Law 83-472, the District of Columbia bears a proportionate share of the cost of the program, such share being collected over a period of years following completion of projects and deposited to the credit of the miscellaneous receipts of the Treasury.

With your permission, I would like briefly to summarize the 1968 requests for both appropriation accounts, starting with "Salaries and expenses."

SALARIES AND EXPENSES APPROPRIATION

We are requesting a total salaries and expenses operating budget authorization of \$35,140,000 for the coming year. This sum represents an increase of \$2,535,000 over the amount anticipated in the current fiscal year. The direct appropriation required to cover the Federal share of the proposed 1968 budget, however, is estimated at \$816,000 less than expected in 1967, the additional operating funds coming from increased reimbursements for treatment and care rendered certain patient groups, principally residents of the District of Columbia.

The additional \$2,535,000 requested for hospital operations is required to cover mandatory cost increases totaling \$1,771,100 and program improvements estimated at \$763,900.

Mandatory items covered by the request are (1) annualization costs of new positions and pay increases authorized on less than a full year basis in 1967, (2) average salary adjustments, principally position reclassifications and within-grade rate increases, and (3) several smaller items including the cost of the extra day in 1968—a leap year, electricity cost increases, and payments to the Employees' Compensation Fund, and the Civil Service Commission's Interagency Board of Examiners. Program changes proposed for 1968 cover the necessary strengthening of the hospital's supply budget, continuation of an equipment replacement program initiated several years ago, and other improvements that are relatively small in terms of cost but extremely important to the provision of more effective treatment and care of patients.

SUPPLIES

For many years, the size of the hospital's supplies and materials budget has been determined primarily on the basis of the inpatient population. Decreases in the number of inpatients brought corresponding decline in funding, particularly with respect to food, medicine, and clothing.

More recently, it has become evident that more emphasis and greater weight must be given to other factors such as price increases, improved treatment programs and the steadily increasing outpatient load if the funding for these essential materials is to be maintained at levels adequate to meet our needs. These factors have been carefully considered in the development of the 1968 budget and the additional sums included in the request for this purpose represent what the hospital considers to be its minimum requirements for proper treatment of patients, both inpatients and outpatients, and for appropriate maintenance of its physical plant and facilities.

EQUIPMENT REPLACEMENT

For several years, the hospital has carried on a systematic program of replacement of obsolete and wornout equipment. Under this program, funds are budgeted each year to cover the replacement cost of items reaching the end of their useful life during the year. The cost of the program varies annually, depending upon the number and value of items to be replaced. Equipment scheduled for replacement under this program in 1968 is considerably greater in num-

ber and cost than that budgeted for the current fiscal year. Additional funds are included in the 1968 budget request to cover this difference and carry on with this essential program.

OTHER PROGRAM INCREASES

The hospital's 1968 budget also includes several small increases for improvements in program areas and activities such as the rental of buses and provision of bus tokens for patients' use in connection with the hospital's expanding rehabilitation functions, additional consultative visits and services of medical specialists, and greater staff participation in meetings of professional groups on matters related to mental health.

STAFFING

Although no new positions are proposed for 1968, average employment will increase somewhat in the coming budget year, principally as a result of the annualization or full year use of new positions authorized on a partial year basis for the current fiscal year. When applied to the projected lower inpatient patient load, the increase in average employment will result in an upward adjustment of the patient-employee ratio from 67 employees per 100 patients in 1967 to an estimated 73 per 100 in 1968. This in turn will permit some measure of improvement in the standards of patient treatment and care.

In summary, then, the 1968 salaries and expenses budget will enable the hospital to meet unavoidable cost increases related to its current operations and improve slightly the quality of patient treatment, the latter to be achieved by means of the better patient-employee staffing ratio and other balanced program improvements provided for in this request.

BEDS

Senator HILL. How many beds do you have altogether in St. Elizabeths now?

Dr. CAMERON. Approximately 6,500 in place, of which about 5,700 are occupied.

Senator HILL. As of today?

Dr. CAMERON. Yes, sir. That number in place varies. As we gradually reduce our patient population, we simply take down beds to help relieve the existing overcrowding.

Senator HILL. I take it that there are not many institutions in the country that have more beds than you do.

Dr. CAMERON. There are several, Senator. Milledgeville, Ga. They have quite a place there. It is about twice the size of ours.

Senator HILL. I knew it was larger. It is twice the size?

Dr. CAMERON. Yes, sir. And New York has several hospitals larger than ours.

Senator HILL. Yours is one of the largest?

Dr. CAMERON. Yes; it is probably among the 10 largest in the country, but that is nothing to be proud of.

Senator HILL. I would agree.

BUILDINGS AND FACILITIES

APPROPRIATION ESTIMATE

"BUILDINGS AND FACILITIES

"For construction, alterations, extension, and equipment of buildings and facilities on the grounds of the hospital, including preparation of plans and specifications, **[\$2,298,000]** \$1,237,000, to remain available until expended."

Amounts available for obligation

	1967	1968
Appropriation.....	\$2,298,000	\$1,237,000
Unobligated balance brought forward.....	10,429,417	7,920,011
Total.....	12,727,417	9,157,011

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Construction and equipment, continued treatment building (rehabilitation center).....						
Miscellaneous improvements of existing facilities:						
Air-conditioning Dix Building.....				\$490,000		\$490,000
Air-conditioning Nichols Building.....		\$668,300				—668,300
Air-conditioning geriatrics building.....		833,800				—833,800
Other.....		2,824,737		1,821,000		—1,003,737
Construction and equipment, treatment, and cafeteria building.....		569				—569
Extension and modernization of administration building.....						
Construction and equipment, security facility.....		450,000				—450,000
Construction and equipment, residential treatment center for adolescents.....		30,000		130,000		+100,000
Total obligations.....		4,807,406		2,441,000		—2,366,406
Unobligated balance carried forward.....		7,920,011		6,716,011		—1,204,000
Total obligations and balance.....		12,727,417		9,157,011		—3,570,406

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
ST. ELIZABETHS HOSPITAL			
Object class			
25 Other services.....	\$466,244	\$121,500	—\$344,744
26 Supplies and materials.....	96,000	95,000	—1,000
Total obligations, St. Elizabeths Hospital.....	562,244	216,500	—345,744
ALLOCATION TO GENERAL SERVICES ADMINISTRATION			
24 Printing and reproduction.....	25,675	12,627	—13,048
25 Other services.....	647,460	382,979	—264,481
32 Lands and structures.....	3,572,027	1,828,894	—1,743,133
Total obligations, General Services Administration.....	4,245,162	2,224,500	—2,020,662
Total obligations.....	4,807,406	2,441,000	—2,366,406

Summary of changes

1967 enacted appropriation-----	\$2, 298, 000
1968 estimated appropriation-----	1, 237, 000
Total change-----	-1, 061, 000
For program items:	
Increases: Miscellaneous facility improvements proposed for fiscal year 1968-----	1, 237, 000
Decreases:	
Estimated cost of plans and specifications for security facility -----	450, 000
Estimated cost of miscellaneous facility improvements au- thorized in fiscal year 1967-----	1 688, 000
Estimated cost of program statement and plans for residen- tial treatment center for adolescents-----	160, 000
Total decreases -----	2, 298, 000
Total net change requested-----	-1, 061, 000

EXPLANATION OF CHANGES

The net decrease in appropriated funds is due to the lower estimated cost of facility improvements proposed for FY 1968, as opposed to the combined higher cost of the security facility, miscellaneous improvements and adolescent treatment center items approved for FY 1967.

Buildings and facilities

	Estimate to Bureau of Budget	Budget estimate to Congress	House allowance	Senate allowance	Appropria- tion
Year:					
1958-----	\$610, 000	\$235, 000	\$235, 000	\$235, 000	\$235, 000
1959-----	597, 000	212, 000	212, 000	212, 000	212, 000
1960-----	430, 000	330, 000	330, 000	330, 000	330, 000
1961-----	5, 445, 000	5, 445, 000	5, 445, 000	5, 445, 000	5, 445, 000
1962-----	645, 209	645, 209	645, 209	645, 209	645, 209
1963-----	9, 185, 000	8, 095, 000	8, 095, 000	8, 095, 000	8, 095, 000
1964-----	2, 665, 000	627, 000	627, 000	627, 000	627, 000
1965-----	2, 242, 000	2, 032, 000	2, 032, 000	2, 032, 000	2, 032, 000
1966-----	2, 226, 000	1, 977, 000	1, 977, 000	1, 977, 000	1, 977, 000
1967-----	3, 062, 000	2, 138, 000	2, 138, 000	2, 298, 000	2, 298, 000
1968-----	9, 920, 000	1, 237, 000			

NARRATIVE JUSTIFICATIONS

This appropriation account covers the construction and facility improvement programs of Saint Elizabeths Hospital. An appropriation of \$1,237,000 is requested in 1968 to finance the following items, all of which come under the Hospital's continuing program of miscellaneous improvements of existing facilities:

1. Screening patient buildings-----	\$50, 000
2. Plumbing and heating modernization and improvement-----	427, 000
3. Employees' locker room improvement program-----	15, 000
4. Replastering of hospital buildings-----	50, 000
5. Air-conditioning of Dix Pavilion-----	490, 000
6. Installation of elevator in Blackburn Laboratory-----	78, 500
7. Improvement of ventilation in laundry-----	20, 000
8. Reline west chimney of powerplant-----	56, 500
9. Engineering study of sanitary and storm sewer facilities-----	50, 000
10. Rewiring and extension of electrical facilities-----	0
Total miscellaneous improvements-----	1, 237, 000

Screening in patient buildings, \$50,000

The removal of wooden-frame, household-type screening in patient buildings and the installation of heavy duty, all metal screens is a continuing operation. An amount of \$50,000 is requested in 1968 for the fifth increment of this multi-year program. The new screening reduces maintenance costs, provides greater security, resists patient abuse, and offers more adequate insect protection.

Plumbing and heating modernization and improvement, \$427,000

Funds requested for this project represent the fourth increment of a continuing program of replacement, improvement and modernization of the plumbing and heating facilities of the Hospital. Plumbing in many of the buildings of Saint Elizabeths, particularly in the older facilities, is grossly inadequate and substandard. There exists, among other things, a need for improved and expanded toilet and bathing facilities, elimination of cross-connections and submerged inlets in the existing systems, and correction of deficiencies in drain services. In addition there is a need for correction of heating system deficiencies in a number of buildings. These corrections involve principally the replacement and overhaul of steam service and return lines. In either case, spot repairs have proven inordinately costly and disruptive. Accordingly, the Hospital has undertaken this program on a building-by-building basis. Based upon currently acceptable standards and probable future patient load projections, the total cost of the project is estimated at slightly over \$3,000,000 of which \$365,000 was provided in 1965, \$485,000 in 1966, \$602,000 in 1967, and the remaining \$1,550,000 proposed to cover a four year period. The 1968 increment of this project is estimated at \$427,000.

Employees' locker room improvement program, \$15,000

An amount of \$15,000 is included in the budget for the third phase of a program of refurbishment and improvement in locker room areas. Locker facilities are required for over 3,000 employees who wear prescribed uniforms or whose duties make necessary the wearing of work clothes. Although some locker facilities exist, most are grossly inadequate in size and obsolete by any reasonable standards. Efforts to correct deficiencies in three buildings are now underway with funds approved in 1966 and 1967. During 1968 the Hospital proposes to undertake similar work in a fourth structure.

Replastering of Hospital buildings, \$50,000

The 1968 budget includes a request for \$50,000 to finance the first increment in a continuing program of replacement of old and unsafe plaster in several buildings. In recent years incidents involving falling plaster have caused serious concern for the safety of patients. The cause of these incidents has been a combination of deterioration due to aging, temperature and humidity changes, and chemical decomposition of the plaster itself—a characteristic of early plaster mixing techniques. The element of danger inherent in occurrences of this nature makes it obvious that spot repairs of areas already damaged do not constitute a satisfactory solution of the problem. Recognizing this fact, the Hospital has surveyed its ceiling areas and proposes a systematic program of plaster replacement on an individual building basis. The proposed work will consist of removal of the old ceiling plaster along with its wood lath base, and application of a light, durable, gypsum-base plaster to a metal mesh base. Wall areas will be patched where necessary. The first increment of this project will provide for work upon two of the Hospital's older patient buildings.

Air-conditioning of Dix Pavilion, \$490,000

Dix Pavilion is a 396 bed structure which serves as an admission and intensive treatment facility. Approximately half of the patients admitted to this building are in an excited or hyperactive state. During the warmer months their condition and disposition are further aggravated by excessive heat and humidity. Many assigned to this building spend most, if not all, of their time inside. Again, heat and humidity serve to irritate the active patients and depress the more lethargic individuals who should be encouraged to greater activity. Dix Pavilion also houses a small but increasing number of patients with serious physical disabilities in addition to their psychiatric problems. Some of these disabilities (cardiac and respiratory problems, tendency toward dehydration, etc.) are made more difficult to treat because of summer heat and humidity. Air contamination and offensive odors are a problem in ward areas. In addition, some staff areas become uninhabitable during the summer as the result of

heat generated by electronic equipment. Proper housing conditions are important for the comfort of patients and, in large measure, to the success of the treatment programs. The Hospital therefore requests \$490,000 in 1968 to air-condition this building as a means of improving the welfare of the patients it houses.

Installation of elevator in Blackburn Laboratory, \$78,500

The Hospital requests \$78,500 for the installation of a traction-type, all purpose elevator in the three level structure which houses most of its laboratory facilities. The building, at present, has no elevator service of any type. This lack of elevator service imposes considerable hardship upon patients (many of whom are physically infirm) who must necessarily use this facility while undergoing tests. In addition, expanding laboratory operations have resulted in the movement of increasing amounts of heavy equipment and bulk quantities of supplies (e.g. bottled gasses, distilled water, acids and chemicals) between floors. At present all of this material must be transported on stairs with great effort and with some personal risk to the handlers. The proposed new elevator unit will be housed in an exterior shaft attached to the side of the building.

Improvement of ventilation in Laundry, \$20,000

An amount of \$20,000 is requested for the installation of exhaust fans on the roof of the Hospital's Laundry. This facility is housed in a structure which has a flat roof and is directly exposed to the sun. There is little or no forced circulation of air. Acquisitions of heavy-duty steam operated equipment have brought temperatures inside the Laundry close to the 100 degree mark during the summer months. Furthermore, odors and gasses from bleaches and soiled linens frequently permeate sections of the Laundry. High humidity has compounded the problem and heat exhaustion is not an uncommon occurrence among the occupants, many of whom are patients who provide badly needed part time help. As the result of the heat and humidity problems, Hospital physicians have become increasingly reluctant to send patients to work in the Laundry. This, plus frequent shutdowns due to the heat, seriously jeopardize production schedules. Improved air circulation in this area is a necessity.

Reline west chimney of Power Plant, \$56,500

Funds in the amount of \$56,500 are requested for replacement of the firebrick liner and other necessary repairs to the outer shell of the west chimney of the Hospital's Power Plant. The present installation is 64 years old. Temperature changes and extremes in the weather have caused cracking and disintegration to the extent that hot gasses can escape and cause structural damage to the outer shell. The situation cannot remain unchecked for long without the need for costly repairs to the entire chimney, or possibly risking a collapse of the 220 foot structure. Examinations by independent firms and Hospital engineers have resulted in strong recommendations for early corrective action.

Engineering study of sanitary and storm sewer facilities, \$50,000

Funds estimated at \$50,000 are requested in 1968 to provide for an engineering study and the development of recommendations for necessary improvements in the Hospital's sanitary and storm sewer facilities. A large portion of the Hospital's sewer system is approximately 100 years old and badly in need of overhaul. Overt failures have already started to occur. There are also indications that the present capacity of the storm sewers is inadequate to meet needs. In addition to these immediate problems, the proximity of the Hospital to the Anacostia River makes it entirely possible for seepage from a ruptured sewer line to reach the river if the break is not discovered and checked. Situations of this type are difficult, if not impossible, to detect on an ad hoc basis. Only a systematic overhaul and repair program can avoid problems of this nature.

Rewiring and extension of electrical facilities, 0

Since 1963 the Hospital has requested and received annual appropriations for a continuing project involving a major overhaul of its electrical facilities. The work is based upon a detailed survey of long range requirements, and is being executed principally through contracts placed by the Public Buildings Service. Additional appropriations will be requested before the work is complete. However, a number of factors beyond the control of the Hospital have caused a slip-page in work scheduling of approximately one year. Accordingly, the Hospital proposes to defer requests for the funding of the next increment of the electrical project until fiscal year 1969, in order to bring project work schedules in line with current funding.

Dr. CAMERON. I should like now to turn to the buildings and facilities appropriation account—the account under which is financed all new construction and all major improvements to existing facilities of St. Elizabeths Hospital.

SECURITY FACILITY

Although not a part of the 1968 funding requests, I believe it appropriate at this point to inform the committee of the very satisfactory progress being made on the planning phases of an ongoing project covering the construction of new security treatment facilities at St. Elizabeths, planning funds for which were provided in the 1966 and 1967 appropriations. This new facility, when complete, will serve as a replacement for antiquated treatment buildings and provide adequate housing and services for prisoners and other patients requiring treatment and care under security conditions.

A program statement for the project has been completed and the award of a contract for the development of detailed plans and specifications is expected in the current fiscal year. The anticipated completion of the planning phases in fiscal year 1968 will permit the hospital to request construction funds in the fiscal year 1969 budget. The new facility will provide a setting for much better curative treatment than is now available for an area of mental illness that constitutes a major social problem of our time.

1968 PROGRAM

The buildings and facilities budget for 1968 covers nine projects, all of which are part of a continuous program of repair, restoration, and improvement of existing hospital property. The total cost of the proposed work is \$1,237,000, a reduction of \$1,061,000 below the amount appropriated for construction and improvements during the current fiscal year.

AIR CONDITIONING OF DIX PAVILION

The largest single project for 1968 is the air conditioning of Dix Pavilion, a 396-bed structure which serves as an admission and intensive treatment facility. Patients housed in the structure suffer a wide variety of mental and physical disabilities which are adversely affected by extremes of temperature and humidity. Air contamination and offensive odors are distinct problems and some areas of the building become virtually uninhabitable during the summer months. Proper housing conditions are important for the comfort of patients and, in large measure, to the success of treatment activities. The hospital urgently requests \$490,000 in 1968 to air condition this building as a means of improving the general health and welfare of the patients housed therein.

PLUMBING AND HEATING MODERNIZATION AND IMPROVEMENT

The hospital is proposing to carry out the fourth phase of a continuing project of plumbing and heating modernization and improvement in certain patient treatment buildings where essential facilities, utilities, and services are grossly inadequate and substandard. The overall project is based upon a comprehensive survey of the hospital's plumbing and heating facilities completed a few years ago. The 1968 increment of this multiyear project is estimated at \$427,000.

OTHER 1968 IMPROVEMENT PROJECTS

Seven smaller projects totaling \$320,000 comprise the balance of the 1968 facilities improvement program. Three of these are continuing projects and cover such essential work as screening patient buildings, refurbishing and expanding employee locker room areas, and replastering of certain hospital buildings.

HISTORY AND FIRST PATIENT ADMITTANCE

Senator HILL. How old is St. Elizabeths, Doctor?

Dr. CAMERON. The first patients were admitted in 1855. So, we are now 112 years old, I believe. Not all of our buildings, of course, are of that age but there are a substantial number built in the early 1850's and 1860's, another group in the 1870's and 1880's, another group around the turn of the century and, since 1950, several fairly modern buildings.

The remaining four projects cover (1) the necessary installation of an elevator in the hospital's increasingly active laboratory, a structure presently without elevator service of any type; (2) improvement of ventilation in the laundry where temperatures hover around the 100° mark in summer months; (3) the relining of a 220-foot chimney at the hospital's powerplant; and (4) the undertaking of an engineering study leading to necessary improvements in the hospital's sanitary and storm sewer facilities.

In summary, the 1968 buildings and facilities budget will enable the hospital to maintain and utilize its physical plant in a more efficient manner, improve the health and welfare of patients, and contribute to more effective execution of its programs and activities.

I have attempted to outline briefly the principal provisions of the hospital's 1968 budget requests. I shall be happy to answer any questions or furnish such additional information as the committee may desire.

YOUTH FACILITY PLANNING FUNDS

Senator HILL. Doctor, let me ask you this question. Last year after receiving your testimony on the need for planning funds for facilities for the young folks, those who are confined to the hospital, this committee added \$160,000 for such planning. There was some mention of this in the paper a few months ago and quotes someone from the Department as saying that the planning for this project should not be started until the matter was concurred in by the District of Columbia.

As I recall, we were aware last year the Budget Bureau had disallowed your request for the planning because the District people had not approved the project. Notwithstanding this fact, we provided funds for this project. What is the present status of the project?

Dr. CAMERON. \$30,000 of that amount has been made available to us to go forward with the development of a program statement. We have had meetings with the District of Columbia personnel. They are working with us toward the development of a program statement. We hope within the next month or 6 weeks to enter into a contract with a contractor to develop that program statement, working collaboratively with the personnel from the District of Columbia and the hospital.

Senator HILL. You feel, then, that you are moving forward?

Dr. CAMERON. Yes, sir; it is started.

RESEARCH

Senator HILL. What is your total budget for research, Doctor?

Dr. CAMERON. Within the hospital, within our appropriation, approximately one-half million dollars.

GRANTS FROM NATIONAL INSTITUTES OF HEALTH

Senator HILL. How much now are you receiving from the National Institutes of Health for research projects?

Dr. CAMERON. In the form of grants?

Senator HILL. Yes.

Dr. CAMERON. It is a relatively small amount but I can give you the figure here in just a moment. Since we have been receiving grants, we have a total authorized of \$566,000, but some of those have been completed so that the current grants now in operation represent approximately \$500,000. But that is for the full grant, not necessarily the amount available in the current fiscal year.

Senator HILL. In other words, some of that might be payable in subsequent years?

Dr. CAMERON. That is correct.

MENTAL HEALTH RESEARCH AND SERVICES

Senator HILL. The budget estimate for mental health research and services for this year is \$246,741,000. Last year, we appropriated \$264,119,000. I was thinking that the Institute of Mental Health would be glad of the opportunity to make use of your facilities.

Dr. CAMERON. Senator Hill, the National Institute of Mental Health does have on our campus an intramural research endeavor of some magnitude. It involves basic and clinical research involving the full-time services of approximately 65 persons. The Institute has established that facility on our campus on order to have access to the patient population which is necessary for the kinds of studies being carried out.

Then the actual amount we are spending this year out of our budget is \$477,000, which augments the effort of the National Institute of Mental Health, our studies being primarily clinical and behavioral in nature. But we have designated at the hospital the head of the NIMH research effort as the research director for St. Elizabeths Hospital so that all the research activities at the hospital, whether funded by NIMH or by the hospital, are integrated, functionally, into a single comprehensive program.

Senator HILL. When did the NIH set up this project of theirs?

Dr. CAMERON. That was started, I believe, in 1957 but it was rather—

Senator HILL. Ten years ago, as I remember.

Dr. CAMERON. Yes, sir. It has been rather slow in developing but it is now moving along very nicely.

Senator HILL. It is moving along nicely?

Dr. CAMERON. Yes, sir.

Senator HILL. I thought it was slow at first.

Dr. CAMERON. The first few years it takes time as you recruit staff and personnel.

Senator HILL. But you think it is moving along nicely now?

Dr. CAMERON. Yes, it is. You may recall we lost the head of that program, Dr. Elkes, to be the chairman of the Department of Psychiatry of the Johns Hopkins University. He has been replaced by Dr. Gian Salmoiraghi who is doing a fine job.

Senator HILL. You are well satisfied with that work?

Dr. CAMERON. Well, we are satisfied with the rate it has progressed in the past. We have great hopes for it in the future. When you have aspiration levels which you are not quite meeting, sometimes your degree of satisfaction is not complete.

Senator HILL. Of course, you have to have these aspirations, don't you?

Dr. CAMERON. That is correct.

Senator HILL. Where there is no vision, the people perish. You have to keep looking ahead; isn't that right?

Dr. CAMERON. That is right, but we struggle a little.

DRUG ADDICTION TREATMENT

Senator HILL. Doctor, I somewhat hesitate to bring this subject up but you recall certain articles appeared in the Washington Daily News February 8 and 9 of this year concerning treatment programs carried on at St. Elizabeths Hospital on patients addicted to drugs. As you know, these articles were quite critical. This committee contacted the department and asked to be furnished with the hospital's comments on the articles. I have before me the statement furnished by you which I will be very happy to put in the record at this point so that it will be part of the permanent record.

Dr. CAMERON. Thank you, sir.

(Comments on the articles follow:)

STATEMENT OF DALE C. CAMERON, M.D., SUPERINTENDENT, ST. ELIZABETHS HOSPITAL

Articles appearing in the Washington Daily News on February 8 and 9, 1967 contained a number of misstatements of fact and conveyed certain erroneous impressions concerning treatment programs carried on at Saint Elizabeths Hospital for patients addicted to drugs. The purpose of this statement is to clarify these issues and provide a brief but accurate description of the Hospital's activities in this treatment area.

Although the misquotes and false inferences in the articles are numerous and varied, they deal generally with four broad issues—the authority of Saint Elizabeth Hospital to treat patients suffering from drug addiction, the question of “free” treatment and care, the prevalence of a so-called “country club” atmosphere, and the implied permissiveness or general lack of surveillance and control of patients involved in the program. Specific comments on these areas follow:

AUTHORITY TO TREAT

Although the newspaper articles refer to the treatment of drug addicts as “winking” at the law, there can be no doubt regarding Saint Elizabeths Hospital's statutory right to provide such treatment. Under the provisions of Title 21, Section 511, of the District of Columbia Code, any individual may apply for admission to Saint Elizabeths Hospital for the purpose of observation, diagnosis, care and treatment of a mental disorder. If an examination by an admitting

psychiatrist reveals the need for hospitalization, he must be admitted as a voluntary patient and afforded appropriate treatment. The Hospital *does not* admit patients on the grounds of drug addiction. They are admitted solely for the treatment of mental disorders. It should be noted, however, that evidence of drug addiction is generally considered a good indication of the presence of mental disorder and this, along with other symptoms, is considered by the examining psychiatrist in determining the need for hospitalization. Once a patient is admitted for treatment of mental illness, it is the practice and responsibility of the Hospital to treat all of his mental and physical problems, including those involving drug addiction.

PAYMENT FOR TREATMENT

References in the articles to "free" treatment, room and board for drug addicts are in error and represent at best a misunderstanding of the manner in which Hospital operations and programs are financed. Saint Elizabeths Hospital does not collect from or charge patients for their treatment and care. These costs are met through Federal appropriations and reimbursements from agencies responsible by law for the patients. The Hospital concedes that, from the viewpoint of a patient who is not actually paying, his treatment and care may appear "free", but this is only in the sense that it is being paid for by other agencies or individuals as prescribed by law.

"COUNTRY CLUB" ATMOSPHERE

The February 8 edition of the News quoted a patient as saying that the Hospital was a "country club", and that several addicts have gotten bigger habits since entering Saint Elizabeths. In many cases, mental patients being treated by the Hospital for drug addiction are indeed living in far better surroundings than that to which they were accustomed prior to admission. It is not unusual for persons with combined mental and drug addiction problems to have lived for long periods in extremely undesirable circumstances and it is entirely logical for such persons to find even the routine facilities and services of a modern hospital (clean beds, bathing facilities, regular meals, etc.) luxurious by comparison. In no event, however, are patients with drug addiction problems afforded any better surroundings than other patients.

With respect to the alleged acquisition of "bigger habits" by certain patients, the Hospital does not condone the introduction of contrabrand drugs to ward areas. Furthermore, it uses every legal means at its disposal to discourage and prevent the use of such drugs by any patient in its care.

SURVEILLANCE AND CONTROL OF PATIENTS

The News' articles make many references or inferences to the lack of control or proper surveillance of patients and to the supposed breaches of conduct and misdeeds by such patients—both on the Hospital grounds and in the metropolitan area. Most of these references reflect a basic misunderstanding by the News of the statutory privileges of the voluntary patients involved. The voluntary admission statute under which the patients in question (i.e. patients addicted to drugs) were admitted specifically guarantees them the freedom to leave the Hospital. Just as the Hospital has no authority to refuse admission where a need for treatment is indicated, it has no authority to detain voluntary patients seeking their freedom. In addition to a basic misunderstanding of the treatment policies of the Hospital, the articles in the News carried several misquotations and distortions of fact. The February 8 issue, for example, stated that "hospital officials acknowledge some patients are abusing the (drug addiction) program and continuing to commit petty crimes—off grounds—to support their habits". In point of fact, the Hospital merely conceded the possibility that such an event could occur. There is no firm evidence that such events are occurring. The same article quoted the Superintendent as saying "Certainly we know some of our patients are shoplifting or prostituting to get money for drugs and coming back here (high) on the drugs or using them here". Again, this statement is a misquotation of one in which the Superintendent merely acknowledged the possibility of such occurrences. There are further statements that the Hospital does not screen addicts, particularly with respect to the existence of paroles, probations, police records or pending criminal charges. To the contrary, the Hospital makes every effort during the course of the admission interview to ascertain data of this type, and when disclosed, seeks the concurrence of the prospective patient to discuss the information with appropriate legal authorities. The prospective patient's willing-

ness to permit such discussion is taken into account in deciding on his suitability for admission.

Statements in the article to the effect that patients interview new patients and vote on admitting them or readmitting former patients are somewhat misleading. The Hospital wishes to make clear that final decisions regarding the admission, readmission, discharge or any aspect of treatment of drug addicts, as well as all other patients, rests with the professional staff and appropriate Hospital officials. The Hospital, however, does encourage the participation and suggestions of patients wherever practical. Another point which the Hospital found disturbing was the publication by the News of certain unsupported statements by an anonymous and self-admitted thief to the effect that he made a "business" of purchasing goods (alleged stolen) from Hospital patients who in turn used the money to support their habits. The Hospital takes every reasonable and legal precaution against contraband traffic of any kind. Furthermore, there are no indications that the statements in the News have substance.

DESCRIPTION OF DRUG PROGRAM

Patients are admitted to the rehabilitation unit for drug addicts one day a week. A prospective patient is seen at an Intake Conference of staff and patients to ascertain his problems in living, his expectations in treatment, his physical and legal status and to determine if the available treatment can be useful to him.

One of the important steps in the rehabilitation of the voluntary patient with a problem of drug addiction, we feel, is to enlist his participation and responsibility in the formulation and maintenance of the policies and procedures of the unit. The Therapeutic Community, composed of all the patients and staff meets for one and a half hours four times a week to deal with the business and problems that concern patients. In addition, group therapy, psychodrama, recreational therapy and occupational therapy are available.

A patient earns privileges as his physical and mental condition warrants. All privileges are contingent upon cooperation with ward routine and fulfilling an industrial therapy assignment. Once a week patients and staff have a session on addiction. Relatives of patients are seen by the Doctor each week. Staff has its own conference four times a week, and one additional period is set aside for the intensive study of one patient.

In preparation for community responsibility, many patients study the job market with a representative of the District of Columbia Department of Vocational Rehabilitation re their work experience and problems. All working patients and patients living in the community attend the weekly evening discussion group. Laboratory checks are made re their abstinence from drugs.

CONCLUSION

The points discussed in the preceding material are by no means comprehensive. The Hospital has merely attempted in this statement to cite the general inaccuracies in the Washington Daily News' articles and to furnish a more accurate picture of the programs which it provides for the unfortunate mental patients in its care who suffer also from drug addiction.

REPORTERS VISIT AND APPARENT CHANGE OF OPINION

Senator HILL. Do you have any further comment on the matter at this time?

Dr. CAMERON. No, sir. I believe that statement summarizes it pretty well.

I might simply add this one comment: The newspaper reporter who wrote those articles, I believe, came with a point of view. We spent considerable time with her and insisted she come back and actually visit the patients in the program, which she did. After she did, she stopped in my office and she said, "You know what you have done, don't you, Dr. Cameron?"

I said, "No; what?"

She said, "You have ruined my story."

Senator HILL. At least she was honest, wasn't she?

Dr. CAMERON. Yes.

Senator HILL. Of course, you and I know it is easier to tear down than it is to build up; isn't that correct?

Dr. CAMERON. That is correct.

Senator HILL. I think her statement to you was a confession. She had been wrong in her articles.

Dr. CAMERON. I wouldn't say she was entirely wrong. She presented certain facts but she gave them with a particular slant. That is not unknown in writing.

Senator HILL. You don't have to go to a mental institution to find that, do you?

Dr. CAMERON. No, sir.

Senator HILL. Is there anything else you would like to add, Doctor?

Dr. CAMERON. No, sir.

Senator HILL. Is there anything you gentlemen would like to add?

We appreciate very much your statement here this morning.

Dr. CAMERON. Thank you for the opportunity to appear before you.

Senator HILL. We are always glad to have you here, Doctor.

Dr. CAMERON. Thank you.

WELFARE ADMINISTRATION

STATEMENT OF JOSEPH H. MEYERS, ACTING COMMISSIONER OF WELFARE, ACCOMPANIED BY ELMER W. SMITH, EXECUTIVE OFFICER, WELFARE ADMINISTRATION; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

RESIGNATION OF FORMER COMMISSIONER WINSTON

Senator HILL. Now, Mr. Meyers, Acting Commissioner of Welfare. Doctor, we are glad to have you here. We will be happy to have you proceed in your own way, sir.

Mr. MEYERS. Thank you, Mr. Chairman.

I have an overall statement that I thought I would like to present to the committee.

As a matter of fact, I am Acting Commissioner. You do not have the opportunity at this time to have another pretty lady here, Senator.

Senator HILL. She has left us, has she not?

Mr. MEYERS. She has left us.

Senator HILL. Where has she gone?

Mr. MEYERS. She is returning to Raleigh, but she is going to do a variety of things. We hope she will help us on a consulting basis.

Senator HILL. I am sure she will.

Mr. MEYERS. I am sure she will because she has a very deep interest in the program.

Senator HILL. She is a very fine lady. I am sorry she is gone but life is a matter of change, is it not?

Mr. MEYERS. Yes, sir.

PROGRAMS AND ACCOMPLISHMENTS

As Acting Commissioner of the Welfare Administration, I am pleased to have the opportunity to present to this subcommittee an overall view of the programs of the Welfare Administration.

In this statement, I will present a summary of some of the more significant highlights of program accomplishments during the past year as well as a brief examination of some of the proposals being made, both in this budget and in the President's legislative program, to strengthen these efforts to serve the people of this country.

CONTRIBUTION BY WELFARE ADMINISTRATION PROGRAMS TO THE WAR ON POVERTY

The public assistance programs, administered by the Bureau of Family Services, represent one of the major means of providing assistance to needy persons to meet at least minimal needs of housing, clothing, food, medical care, and other essential items of basic maintenance.

In recent years, there have been dramatic shifts and changes in these programs, both as a result of congressional expansion and strengthening of the various federally assisted programs as well as program

changes and developments resulting from year-to-year economic and demographic trends.

The changing composition of the caseloads in the public assistance programs can be demonstrated by the fact that the number of recipients of old-age assistance has declined from a peak of 2.8 million in 1950 to an estimate of about 2 million in fiscal year 1968. This decline reflects the various changes made by Congress in the levels and scope of social insurance coverage as well as the initiation of special medical assistance programs, all of which have diminished the need to rely on the old-age assistance program as a primary means of meeting the needs of the elderly.

OLD-AGE ASSISTANCE PROGRAM

Senator HILL. While you speak about that old-age assistance program, the Federal Government puts up a great deal more money now than it did at the beginning of the program.

Mr. MEYERS. That is right.

Senator HILL. In 1955, it was 50-50. Now it is 80-20, is it not?

Mr. MEYERS. It varies, but it can get up to that level.

Senator HILL. It can get up that high?

Mr. MEYERS. That is right. We had a much lower maximum on the amount that the Federal Government would participate in, as well as a Federal share in individual payments as low as 50 percent.

AID TO FAMILIES WITH DEPENDENT CHILDREN

During this same period, the number of recipients under the aid to families with dependent children program has grown from 2.2 million to a projected level of 4.9 million in fiscal year 1968, including about 3.7 million children. A significant part of the increase in this program in recent years have been due to the new features enacted by Congress which have extended the program to families with an unemployed parent and has permitted, in some cases, the second parent to be covered under the program when both are in the home and one is incapacitated or unemployed.

In part, the program growth is related to the increase in the number of broken families in the population and the fact that families headed by females usually have fewer resources than those headed by males. Part of the increase is due to the increase in the child population, and part is also due to a variety of other factors, including program developments, such as the raising of assistance standards and easing of eligibility requirements by States.

Senator HILL. Has lowering of the moral standards had anything to do with this?

Mr. MEYERS. I don't think so, Senator. I think that we are seeing the effect of more families that are broken families, more desertions, more women left alone with young children. Our experience has been that a lowering of moral standards is not the problem in the increase, Senator.

Senator HILL. Not a problem?

Mr. MEYERS. No; it is not a major contributing factor to the increase.

RECIPIENTS OF ASSISTANCE

Although the number of recipients of aid to families with dependent children is at an alltime high, it is important to bear in mind that the scope and level of support provided these families is very low when compared with the total universe of needy persons and requirements of those living in poverty.

Under the poverty standard defined by the Social Security Administration and the Office of Economic Opportunity, a family of four is considered to have too little to enable it to provide for its basic needs if it has an annual income of \$3,100 or less. Very few States pay as much as that amount in assistance. Furthermore, 33 States provide less support for needy children than the standards which the States themselves set as necessary to meet basic human needs.

Restrictive residence requirements and other eligibility standards not required by Federal law exclude many more. As a result, only about one-half of the children whose families could qualify under Federal law for the aid to families with dependent children program are actually receiving this assistance.

Senator HILL. Is restricted residence the cause of this?

Mr. MEYERS. That is one of the things, restricted residence, and other eligibility requirements such as relatives' responsibilities which are stricter than required by Federal law. Another cause is that the States just do not include all the people that they could include and for whom they could get matching Federal money. The States have some latitude in the groups they can bring in. So, they leave some out.

PAYMENTS TO DEPENDENT FAMILIES WITH UNEMPLOYED PARENTS

The budget and legislative program presented by the President to the Congress proposes means to overcome many of these deficiencies. The legislative proposals would extend beyond June 30, 1967, the authorization for Federal participation in payments to dependent families with unemployed parents. This program has now been adopted by 22 States.

Another means of overcoming these deficiencies will be found in the proposal that each State be required to meet its own standards of defined need by 1969, and that they be required thereafter to annually update these standards. Additional Federal funds would be available to assist States to accomplish these objectives.

Senator HILL. Would these funds be matched by State funds?

Mr. MEYERS. That is the new funds?

Senator HILL. Yes.

Mr. MEYERS. Yes; they would be matched by State funds. This would require some additional State funds, of course, because even though the sharing is quite good, the Federal sharing, these changes would require additional State money by the fact that the payments would be increased substantially in some States. There is some provision made for the Federal Government to help out in the legislation but not to take this burden completely off the States.

ADMINISTRATION OF ASSISTANCE PROGRAMS

Every effort is made to assure the efficient administration of these programs and that assistance goes only to those determined to be

eligible. At the time the special review was completed of the aid to families with dependent children program in 1963, it was found that for the Nation as a whole, approximately 95 percent of all eligibility determinations were correctly made.

Following that review, a special process was introduced into the system of administering the public assistance program to assure that a sample of case actions selected on a scientifically valid basis would be reviewed each month in order to determine the extent of erroneous determinations and what types of corrective action were needed.

Reports based on this process indicate that the percentage of correct eligibility determinations in both the aid to families with dependent children program and in the adult categories is now over 98 percent. We are continuing, however, to give attention to those States which significantly exceed the national average and to other problems such as underpayments and overpayments. We are also working on activities such as simplification of assistance standards and determination of need processes since complex standards themselves often give rise to errors.

IMPROVEMENTS IN HEALTH CARE FOR MEDICALLY INDIGENT, CHILDREN, AND MOTHERS

Along with the changes which have occurred in the cash assistance programs, there have been concomitant and important shifts in the commitment of the Federal Government to provide more adequate health services for the medically indigent and for children and mothers. Specific Federal financial participation in vendor medical payments was first authorized in 1950 in the public assistance program.

However, total Federal, State, and local funds paid to medical vendors tended to remain at a relatively low level until the enactment of the Kerr-Mills medical assistance for the aged program in 1960. Expenditures under that program alone rose to about \$520 million by fiscal year 1965, and all expenditures for vendor medical payments were approximately \$1.4 billion in that year.

TITLE XIX MEDICAL ASSISTANCE (MEDICAID)

Enactment of the title XIX medical assistance program—

Senator HILL. That is your medicaid?

Mr. MEYERS. That is right, sir—authorized by the 1965 Social Security Act Amendments has provided a stimulus to the broader provision of medical assistance to all categories of recipients as well as persons related to the categories but not requiring cash assistance for their day-to-day maintenance.

The title XIX program has consequently built on the already significant year-to-year increases that were occurring in the level of the vendor medical payment programs (about \$150 to \$200 million a year) and has authorized more generous Federal financial participation in payments as well as permitting the inclusion of significant amounts of payments not heretofore covered under the federally aided programs.

MEDICAL ASSISTANCE PROGRAM COSTS

Increases in the costs of the medical assistance program have recently required the President to submit revised supplemental estimates

to the Congress. These increases resulted from varying program trends, including increases in medical care costs and shifts by States from a negotiated basis of payment for medical services to a method of payment on the basis of reasonable and customary charges.

FORMULA FOR FEDERAL-STATE PARTICIPATION

Senator HILL. Speaking of the cost, what is the allotment formula fixing the special portion of these payments?

Mr. MEYERS. The formula varies from State to State, according to per capita income, with a minimum of 50 percent. No State, even a wealthier State, will get less than 50 percent. It goes from that level up to 83 percent.

Senator HILL. Depending on the per capita income?

Mr. MEYERS. Depending on the per capita income; that is right.

ELIGIBILITY REQUIREMENTS LIMITATION FOR ASSISTANCE

As a part of its legislative proposals, the administration is recommending a limitation on the eligibility requirements for the medical assistance program through a requirement that States maintain their standard of need for medical assistance at not more than 150 percent of the standard of need established for the cash assistance program.

STATE EXPANSION OF HEALTH CARE SERVICES

These transitional shifts in the program should not, however, obscure the fact that Congress has established a goal that States significantly expand the financing of health care services in an attempt to assure that the kinds and quality of services available to medically indigent persons are equal to those available to the rest of the population.

SPECIALIZED PROGRAMS FOR MOTHERS AND CHILDREN

Supplementing these broad-scale medical assistance programs are the specialized programs aimed at improved health care for mothers and children administered by the Children's Bureau. The 1968 budget provides increases for the special project grants for health of school and preschool children, for training of professional personnel for the care of crippled children, and for related research projects. These increases will expand programs aimed at improved organization of community resources to better meet the needs of children, particularly those in low-income families.

Other improvements and expansions are proposed under new and expanded legislative authorizations in the crippled children's program, the maternity and infant care program, and maternal and child health programs. In addition, authorizations for special dental care programs for children as well as new training and research emphases are recommended.

WORK AND TRAINING PROGRAM

A part of the overall provisions of the 1962 Public Welfare Amendments, which highlighted services and activities designed to improve the capacity of dependent persons for self-help and self-care, is the authorization for States to establish community work and training programs. These programs were later supplemented by the work ex-

perience program established under title V of the Economic Opportunity Act of 1964. While aimed generally at similar target populations, that is, adults in families with dependent children, either receiving public assistance or eligible for assistance under overall Federal provisions, the programs differ in their impact.

TITLE V. WORK EXPERIENCE PROGRAM

The title V work experience program is more flexible in its approach and provides for Federal assistance in a broader range of training and work experience activities. Nevertheless, the record of both programs has been significant. Under the title V program, all trainees were given an opportunity to benefit through participation in adult basic education, remedial medical services, and improved work habits. In addition, about half the persons who have left the projects have made tangible gains in terms of improved employability; 22,100 have already found jobs, 3,500 are taking advanced vocational instruction, and 6,700 persons, although not presently employed, now have training and marketable skills which should enable them to find jobs soon.

Senator HILL. Do you think they will be able to get jobs, most of them?

Mr. MEYERS. I think a lot of them will. The economy is such in some areas, as you know, Senator, that employment is really not there for skilled people. It is a question of whether they can find it where they are or whether they will have to go elsewhere for work. They do have marketable skills. I think the fact that people do have new and marketable skills might prompt them sometimes to get up and move to a neighboring town where otherwise they would not.

COMMUNITY WORK AND TRAINING PROGRAM

In the community work and training program, States report over 45,000 have moved to employment since its inauguration.

Senator HILL. That number has moved where there is a job?

Mr. MEYERS. That is right. They have not moved from their location. I did not mean that.

Senator HILL. You did not mean that?

Mr. MEYERS. No, sir. They have moved from unemployment to employment.

Senator HILL. To employment. I see.

Mr. MEYERS. In the coming fiscal year, the title V program will enter a new phase of closer working relationships with the vocational instruction and job training activities of the Department of Labor, and the President is recommending that a strengthened and improved community work and training program be enacted.

SOCIAL SERVICE PROGRAMS

Under the 1962 Public Welfare Amendments, States were given special Federal matching at the rate of three Federal dollars for each State and local dollar for the provision of prescribed social services to specially identified recipients and for training of staff to provide those services. A broad range of activities has been financed under these amendments.

Homemaker services to bind together families during periods of crisis, special efforts to provide counseling on home management and budgeting, and counseling relating to health care, school attendance, marital relationships, and other special problems have been expanded. Several million recipients have been identified as receiving such services through the efforts of the public assistance agencies.

Although we have not been able to measure the full impact of the provision of these services, State agencies do report individual examples which convince us that these amendments have provided an effective means of enabling families to function better and of encouraging individuals to be more self-sufficient in managing their own affairs.

HOMEMAKER SERVICES

Senator HILL. Could you cite us a few examples of what you have in mind?

Mr. MEYERS. Of particular cases where this could happen?

Senator HILL. Yes, sir.

Mr. MEYERS. Well, we find an example of homemaking where a mother with three or four children has had absolutely no experience in how to keep a home, and she also has very small grants. To try to make do with a small grant is difficult enough for a skilled person and even more difficult for many recipients. A mature person who is hired by the public welfare agency, who has had practical experience in homemaking, will go into that home, work with this mother, help her to get the place organized, get it clean, try to teach her habits of management, cooking, buying, and how to manage. As a result, the recipient is better able both as a citizen and as a person to get along and be able to manage the small income that she has.

I think this is one of the areas where we really have done tremendous things.

SERVICES TO AGED

Another example of services is help for older people who find themselves quite often unable to do the kind of things they are used to doing, like needing someone to run errands for them, and to help them in filing applications. Assistance on items of this sort helps to make them more efficient and gives them an opportunity to often remain in their own home where otherwise they might have to go to institutions.

SERVICES TO CHILDREN

Social services to children are, of course, a special concern of the Children's Bureau. States reported a record number of over 500,000 children receiving child welfare services in 1965, an increase of 7 per cent from the previous year.

The problems of child abuse; foster care for children, where necessary; and supporting services to maintain children in their homes, if possible, all continue to receive emphasis.

The Children's Bureau is also continuing its efforts to assist in the development of day care services and other services to meet the special needs of children and their families. In addition, the President is recommending legislation to strengthen Federal support for the staff administering the casework services provided through the child wel-

fare services program and to make other changes to strengthen these programs.

JUVENILE DELINQUENCY AND OTHER TEENAGE PROBLEMS

Recent reports indicate a continuing upturn in the number of juvenile court delinquency cases reported to the Children's Bureau with a particular increase in the number of cases involving girls. The overall number of juvenile delinquency cases reported, excluding traffic cases, was 697,000 in 1965, an increase of 2 percent over 1964. During this same period, there was only a 1-percent increase in the child population from 10 to 17. The problems of juvenile delinquency and other teenage problems, as manifested in such activities as glue sniffing, have received increased attention in recent years. The Children's Bureau continues its work with juvenile courts and with providing consultation and technical assistance to States and localities on these problems.

DEMONSTRATION PROJECT GRANTS

In addition, the Office of Juvenile Delinquency and Youth Development, operating under legislation first enacted in 1961, has awarded demonstration project grants throughout the country dealing with teenage behavior, juvenile delinquency problems, and efforts of institutions and groups in our society to help prevent and alleviate these problems. Out of these demonstrations came a great many of the basic ideas which were later developed on a much broader scale as a part of the community action program and Headstart programs of the Office of Economic Opportunity. Along with the support of demonstration projects, the Office of Juvenile Delinquency and Youth Development has supported the training of about 30,000 persons involved with the handling of juvenile offenders and potentially delinquent youth.

Senator HILL. Did you send any of these trainees to Fort Lauderdale during the Easter recess?

Mr. MEYERS. I don't know that any were down there; no, sir.

Senator HILL. It was Mr. Downey who prompted that question. He was disappointed that he didn't get down there.

PROPOSED GRANTS PROGRAM TO STATES

Mr. MEYERS. The legislation authorizing the activities of this office will expire on June 30, 1967. However, the President has recommended a new program of grants to States for the support of juvenile delinquency prevention and control services, for demonstration projects, and resources to enable collection and dissemination of information about problems associated with juvenile delinquency.

FEDERAL-STATE PARTICIPATION

Senator HILL. What has been the matching requirement and what is the present?

Mr. MEYERS. Under the juvenile delinquency program?

Senator HILL. Yes; what is suggested now under this new program?

Mr. MEYERS. I am afraid, Senator, that I will have to supply that for the record, if I may.

Senator HILL. All right.

Mr. MEYERS. Under the previous program, we did not have any fixed participation in projects. These were project grants that were usually quite often tied in with larger efforts, more comprehensive projects, in which we would supply just a part of the resources. These would be in an amount that would be determined to be needed to carry out the activities related to our responsibilities.

Senator HILL. You check that and supply that for the record.

Mr. MEYERS. I will be happy to, Mr. Chairman.

Senator HILL. Thank you, sir.

(The information follows:)

The proposed legislation in the juvenile delinquency area (H 6162 and S 1248) provides Federal assistance to:

1. States, localities and other public agencies to assist Courts, correctional systems and law enforcement agencies to increase their capability to prevent, treat, and control juvenile delinquency, and to serve delinquent youth in the community committed to control and supervision. The Federal grant cannot exceed 60 percent of the cost.

2. States and local communities or other public non-profit agencies to plan improvement of juvenile court and corrections systems, and for developing comprehensive plans for juvenile delinquency services. The Federal grant cannot exceed 90 percent of the cost.

3. Construct short-term detention and treatment facilities for youthful offenders in or near their communities. The Federal grant cannot exceed 50 percent of the cost.

4. Local communities or other local or non-profit agencies for operation of special intensive diagnostic treatment and rehabilitative service programs for delinquent or potentially delinquent youth. The Federal grant cannot exceed 75 percent of the cost of the project or program.

In addition, Federal support may be provided for research and demonstrations that will increase knowledge of how to deal effectively with delinquent youth or strengthening rehabilitative services, including training of personnel. No specific matching is required, but the grantee may be required to contribute money, facilities, or services to the extent deemed appropriate.

URBAN AREAS AND SERVICES

Mr. MEYERS. The great urban areas of this country, including the large metropolitan centers, experience particularly severe effects of poverty, health care problems, and other behavioral problems. The crowding together into low-income slum areas in our great cities, the loss of community consciousness, the separation from a barter or truck garden economy, and the breakup of family ties are all frequently associated with migration to urban areas.

We have been very conscious of the need to review the way in which social services and health services are delivered in these areas to insure the most effective means of reaching the population most in need of these services.

Outstanding accomplishments along these lines have been achieved in the maternity and infant care projects and in the children and youth projects administered by the Children's Bureau. These projects are located in some of the poorest areas within our large cities and have provided a means of assuring high quality health care to populations which otherwise would not receive them.

The evidence is already available that the care provided through the maternity and infant care projects has significantly reduced the number of infant deaths, and the care provided to particularly high-risk mothers has probably reduced the number of retarded children who otherwise would be born. A continuation of this high quality care

through the preschool and school years is possible in many instances through the special children and youth projects. Under both of these project grants, new patterns of services had to be developed, requiring close cooperation on the part of local health departments, teaching hospitals, medical schools, welfare agencies, and other State and local agencies.

In addition, we are working intensively with welfare departments and with other Federal agencies such as the Department of Housing and Urban Development, to stimulate the establishment of neighborhood service centers which can be readily accessible to the people in need, in many instances on a 24-hour-day, 7-day-week basis, and which can either provide needed assistance and social services or can speedily refer needy persons to sources of help.

RESEARCH AND PROGRAM EVALUATION EFFORTS

Along with day-to-day administration of program activities, we are highly conscious of the fact that we need to give particular emphasis to program research and program evaluation efforts. Demonstration projects financed under the special authority related to the public assistance programs under section 1115 of the Social Security Act have provided a helpful means of illustrating in understandable terms the actual ways of implementing changes in policy and program operations which seem worthy of being introduced into practice throughout the country. The continuation of these grants on an expanded basis is proposed by the President.

SECTION 1115 MATCHING REQUIREMENTS

Senator HILL. What is the matching requirement here?

Mr. MEYERS. There is no matching requirement under section 1115 as such. Section 1115 is quite an unusual provision, Mr. Chairman, which allows the States to experiment with new and experimental ways of providing services which otherwise they could not do because of the overall requirements in the act. There is a special authority which provides that in addition to the regular matching that they get out of a fund that is earmarked now at \$2 million. States may be granted what would otherwise be the statutory local share. The answer is that there could be as much as 100 percent Federal funds in these projects.

Senator HILL. It could be that much?

Mr. MEYERS. Yes, sir.

COOPERATIVE RESEARCH AND DEMONSTRATION PROGRAM

Under the cooperative research and demonstration program, a broad range of studies and evaluative efforts have been initiated, such as cost-benefit studies of work training projects and social service projects. Of particular significance is the initiation of a directed research program aimed at an evaluation of how well program objectives are being served. This program was initiated this fiscal year with a study of characteristics of individuals receiving and those denied assistance under the aid to families with dependent children program, and it is proposed to continue this program on an expanded basis next year by conducting an extensive study of the medical care presently made available to and utilized by the poor.

PROGRAM EVALUATION ACTIVITIES

As program activities are initiated, special efforts are also being made to evaluate other program activities. Contracts have been let with two universities to establish a model for evaluating the maternity and infant care and special children and youth projects administered by the Children's Bureau.

Senator HILL. Which are these universities?

Mr. MEYERS. I would like to ask Dr. Lesser, if I may, to answer that question.

Dr. LESSER. They are the University of Maryland and University of Minnesota.

Senator HILL. You took the two "M's", did you?

Dr. LESSER. Yes, sir.

Senator HILL. What is the amount of the contract in each case?

Dr. LESSER. It is about \$200,000 a year annually for each.

Senator HILL. For each contract?

Dr. LESSER. Yes.

Mr. MEYERS. Other efforts to strengthen program evaluation activities include a continuing review of State and local statistical reporting systems with a view to extending the comprehensiveness of such systems and the quality of data reported, and overall efforts to produce and refine data required for management information purposes.

CUBAN REFUGEE PROGRAM ADMINISTRATION

In addition to the activities mentioned above, we are able to report significant progress in the administration of our other program responsibilities. In the administration of the Cuban refugee program, for example, we are continuing to receive from Cuba almost 3,700 persons a month.

Senator HILL. Are you getting that many each month?

Mr. MEYERS. Yes, sir.

Senator HILL. How many do you have altogether now?

Mr. MEYERS. In the country I don't have the total on that but we can supply that for the record.

Senator HILL. All right. You may do so.

(The information follows:)

From February 1961, when we started registering Cuban refugees at our Center in Miami, through March 31, 1967, about 240,000 refugees have been registered, and there may possibly be as many as 280,000 who have entered the country in total.

CUBAN REFUGEE IMMIGRATION

Mr. MEYERS. I was in Miami last week and there are still two plane-loads, filled with refugees, coming in each day.

Senator HILL. Do they have much difficulty getting out of Cuba?

Mr. MEYERS. No, sir. We seem to have this big backlog. We have, of course, in this country a list of requests that adds up into the hundreds of thousands of people who want to get their relatives out. So far, there has been absolutely no backlog of any sort. A list from Cuba of people who still want to come out and are able to get out has been supplied to us at regular intervals. So, there is absolutely no gap in the flow of incoming people.

RESETTLEMENT OF REFUGEES

I think another significant thing, though, is that about 70 percent of these new arrivals are resettled immediately upon their arrival in Dade County, Fla., to other parts of the country where they can be reunited with their relatives and where the family can be a self-sustaining economic unit. In addition, we are continuing the special programs of aid for the welfare, health, and educational activities provided by Dade County for the Cuban population in that area.

IMPLEMENTATION OF TITLE VI, CIVIL RIGHTS ACT OF 1964

Another area where we have expended considerable effort during the past year is in the implementation of title VI of the Civil Rights Act of 1964. We have been working intensively with State welfare agencies and with vendors providing care, such as nursing homes, in order to assure full compliance with the law. Full-time staff working in this area are financed from a special allocation from the Office of the Secretary.

ADVISORY COUNCIL OF PUBLIC WELFARE REPORT

I might mention just a third area where we have given considerable emphasis. We have been reviewing, and will have to continue to review and study and evaluate, the proposals and recommendations made to the Secretary last year by the Advisory Council of Public Welfare. This was a statutory council and filed a report that is currently under review and study.

Senator HILL. You are studying the report at this time?

Mr. MEYERS. The report is under review and study.

In this statement, I have presented a few examples of the efforts we are making to carry out more effectively program responsibilities placed on the Welfare Administration and to indicate some of the new directions and emphases proposed in the 1968 budget and legislative program. I will be glad to try to answer any further questions the committee may have.

COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

STATEMENT OF JOSEPH H. MEYERS, ACTING COMMISSIONER OF WELFARE, ACCOMPANIED BY MRS. GENEVIEVE W. CARTER, DIRECTOR, DIVISION OF RESEARCH; ELMER W. SMITH, EXECUTIVE OFFICER, WELFARE ADMINISTRATION; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

"COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS"

"For grants, contracts, and jointly financed cooperative arrangements for research or demonstration projects under section 1110 of the Social Security Act, as amended (42 U.S.C. 1310), **[\$3,150,000] \$4,170,000.**"

Amounts available for obligation

Appropriation:
 1967----- \$3, 150, 000
 1968----- 4, 170, 000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Grants, contracts, and cooperative ar- rangements-----		\$3, 102, 000		\$4, 170, 000		+\$1, 068, 000
Total obligations-----		3, 102, 000		4, 170, 000		+1, 068, 000
Unobligated balance, reserve-----		48, 000				-48, 000
Total, obligations and balance-----		3, 150, 000		4, 170, 000		+1, 020, 000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Other services-----	\$750, 000	\$1, 470, 000	+\$720, 000
Grants, subsidies, and contributions-----	2, 352, 000	2, 700, 000	+348, 000
Total obligations by object-----	3, 102, 000	4, 170, 000	+1, 068, 000

Summary of changes

1967 enacted appropriation----- \$3, 150, 000
 Unobligated balance, reserve----- -48, 000

 1967 total estimated obligations----- 3, 102, 000
 1968 estimated obligations----- 4, 170, 000

 Total change----- +1, 068, 000

Increases

	Base	Changes from base
Program:		
1. To begin new projects.....	\$843,000	\$167,000
1968: 23 new projects.		
1967: 23 new projects.		
2. To continue projects.....	1,509,000	181,000
1968: 32 continuation projects.		
1967: 30 continuation projects.		
3. Contracts.....	750,000	720,000
Total net change requested.....		1,068,000

EXPLANATION OF CHANGES

The increase of \$1,068,000 will provide:

1. An increase of \$167,000 to provide funds for an increase in the average cost of new projects for fiscal year 1968. The increase estimated for average cost of projects results from the government-wide implementation of the policies in cost-sharing on research grants. In fiscal year 1966, the grantee furnished, on an average, about 21 percent of the costs of the projects. Based on applications already received for consideration in fiscal year 1967, the applicant share is estimated to decline to 12 percent of the total project costs because of the government-wide policies on cost sharing.

2. An increase of \$181,000 to continue 32 projects initiated prior to 1968. This will provide funds for two additional continuation projects over the 1967 level.

3. An increase of \$720,000 for contracts. For fiscal year 1967, \$750,000 is provided for contracts, including funds for a large-scale research contract to make a national study of the living conditions of families currently receiving AFDC payments, those whose AFDC cases were closed and those families who applied for but did not receive assistance. For fiscal year 1968, \$1,470,000 is requested for contract purposes. These funds will provide for a medical care benchmark study which will establish a baseline from which to measure subsequent changes in the level, type, and quality of care available to the population covered by Title XIX of the Social Security Act, and for contract studies to evaluate several other important and expanding program areas. These include maternal and child health programs, work incentives, and social service programs.

COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

	1967 estimate	1968 estimate
Research grants.....	\$2,352,000	\$2,700,000
Contracts.....	750,000	1,470,000
Total.....	3,102,000	4,170,000

INTRODUCTION

The far-reaching nature of the income maintenance, health, social insurance, and social welfare service activities supported under the programs administered by the Welfare and Social Security Administrations represent a substantial investment of our national resources in attempting to achieve more adequate levels of living for all citizens. As an example, in fiscal year 1966, about \$6,500,000.000 was spent on public assistance payments and over \$20,000,000,000 was spent in social security payments.

One means of helping to insure that this investment is wisely made and is meeting program objectives is through the support of research or demonstration projects dealing with the prevention and reduction of dependency and the improved administration of welfare and social security programs. Such research is supported through the Cooperative Research or Demonstration program.

The program is administered by the Welfare Administration in cooperation with the Social Security Administration.

Under the program, grants may be made to States and to public or other non-profit organizations for the conduct of research or demonstrations which relate to the prevention and reduction of dependency, which aid in effecting coordination of planning between private and public welfare agencies, or which help improve the administration and effectiveness of programs under the Social Security Act. These must be cooperative in nature, and the grantee must pay part of the cost. Contracts relating to these areas may also be executed under the program. In contrast to grants, where the research may be exploratory in nature and which provide flexibility in projects of concern both to the grantee and the Government, the use of contracts is a directed research approach. Under research contracts, the specific end product is usually a research report concerned with program evaluation.

For fiscal year 1966, \$1,807,000 was obligated for the program. For fiscal year 1967, it is estimated that \$3,102,000 will be spent for the program. For fiscal year 1968, a total of \$4,170,000 is requested. The following budget justification explains the request dealing first with the grant program and then the contract program.

Research grants

	1967		1968	
	Number	Amount	Number	Amount
New projects.....	23	\$843,000	23	\$1,010,000
Continuation projects.....	30	1,509,000	32	1,690,000
Total.....	53	\$2,352,000	55	\$2,700,000

Of the 71 projects completed by January 1, 1967, 29 were concerned with studies of the organization, administration, or evaluation of social welfare programs. These included research on the effects of termination of public relief in rural areas; studies of social work manpower requirements and recruitment; and analyses of the organization, deployment, and utilization of public assistance personnel in large metropolitan public welfare organizations. Another 29 projects dealt with the studies of economic status, income, and economic security. Included were studies of economically dependent populations; and research on the psychological impact on children of life in a low income urban area; and research comparing low-income public assistance recipients with other low-income families in California. Other completed projects have included studies of family organization and functioning; methodological studies of the problems of measuring change in family structure and behavior; and research on unmarried mothers, family planning, and the costs of providing health and medical services.

Summaries of completed projects have been routinely reported in *Welfare in Review* and grantees have been encouraged to publish research results in scholarly journals and in monographs and books. In addition, other special efforts are made to incorporate findings into program policies and operations. Among other channels used are the Section 1115 demonstration projects and other special project grants.

Projects Supported in Fiscal Year 1966

In fiscal year 1966, 40 projects were supported with \$1,666,000 in grant funds; 23 of these were projects started in prior years for which \$949,000 was made available in fiscal year 1966. In addition, 17 new projects were started for which \$717,000 was awarded. Projects supported included 23 studies of the organization, administration and evaluation of social welfare programs. Among these are research on the consequences and impact of the organization of public welfare agencies and their policies on the families they serve; research on the social aspects of an urban renewal program; and a long-term study of the effect of attempts at early prevention of family disorganization. Projects in the area of economic status, income, and economic security included studies of the effects of a new AFDC-UP program on families in a southeastern State; research to discover the impact of separation of family members among economically depressed people; and a study to determine better ways for the identification and measurement of poverty in rural areas. Other research projects included an exploratory study of the relationships between the use of alcohol and economic dependency; studies of family

planning; and research on the adequacy of retirement benefits and adjustment to retirement.

1967 and 1968 Program Plans

The average cost of grant projects is expected to increase in fiscal years 1967 and 1968 as a result of the removal of the statutory limit on indirect costs and the government-wide implementation of the policies in cost-sharing on research grants. In fiscal year 1966, the grantee furnished, on an average, about 21 percent of the costs of the projects. Based on applications already received for consideration in fiscal year 1967, the applicant share is estimated to decline to 12 percent of total project costs.

For fiscal year 1967, it is estimated that \$1,500,000 will be used for 30 projects started in prior years and that \$843,000 will be used for 23 new projects.

For fiscal year 1968, it is estimated that 32 projects started in prior years will require \$1,690,000 to continue. In addition, \$1,010,000 is requested to start 23 new projects.

In fiscal years 1967 and 1968, as in the past, emphasis will be placed on research concerned with the most efficient use of resources in reducing dependency and improving the administration and effectiveness of social welfare programs. Cost-benefit studies of public assistance programs will be extended and given further emphasis; longitudinal studies of the experience of public assistance clients who received vocational rehabilitation services will give further information about effectiveness of remedial help; and research to determine the impact of Title XIX of the Social Security Act on persons eligible for medical services will be extended. The aim of such projects will be to provide a sound basis for improving public welfare programs so that programs may be operated more efficiently and so that more effective use of resources can be made.

In fiscal year 1967, initial awards were made under a small grants program announced in May 1966. The small grants program is intended to give research support to smaller organizations and to develop an increased research capability in social welfare research. Such grants may be made for the analysis of information conducted for other purposes but which has important social welfare implications; to enable researchers to take advantage of unanticipated research opportunities; or to conduct pilot and feasibility studies.

<i>Contracts for directed research</i>		<i>Amount</i>
Contracts:		
1967-----		\$750, 000
1968-----		1, 470, 000
Increase-----		720, 000

In prior years, the Welfare Administration used primarily the grant authority of the program. In fiscal year 1966, two contracts in the amount of \$141,000 were awarded. Funds to expand the use of the contract authority to include a large scale directed research project were appropriated for fiscal year 1967.

The large scale directed research project for fiscal year 1967 is a national study of the living conditions of Aid to Families with Dependent Children cases. National samples of AFDC families will be designed to yield reliable national and regional estimates for the total AFDC population. In addition to information of the demographic, social, and economic characteristics of these families, information will be obtained on the effects of specific eligibility requirements that are unrelated to actual need. Information will also be obtained on the impact of residence laws on the provision of assistance to needy families; on the living arrangements and housing conditions of these families; and on the proportion of families whose needs are primarily financial or whose needs are primarily for social services. This study should meet the urgent need for detailed information about the actual living conditions of families currently receiving AFDC payments, those whose AFDC cases were closed and those families who applied for but did not receive assistance.

For fiscal year 1968, \$1,470,000 is requested for contracts under the program. This will provide funds for several small contracts and large scale directed research projects for the program evaluation studies described below.

(1) *Medical care benchmark survey.*—One of the most important developments affecting social welfare in the United States was the enactment of Title XIX of the Social Security Act. The implications of this legislation are only now beginning to be seen. Because of the magnitude of these legislative changes providing

for medical care services to economically dependent persons, it is essential to make a systematic assessment of early experience in implementing the program. In order to establish a baseline from which to measure subsequent changes in the level, type, and quality of medical care available to the population covered under Title XIX, it is proposed to initiate a medical care survey in fiscal year 1968. The survey will include interviews with samples of the low income populations, including public assistance recipients; analyses of the range and type of medical services available and the rates of utilization of such services; and studies of the organization and administration of medical care programs.

Among the questions to be studied are those concerning the extent to which available medical care services meet the requirements for comprehensive medical care; the levels of available preventive medical and dental care services; the adequacy of arrangements for providing continuity of medical care for persons referred from one source to another; determination of the degree to which public assistance recipients and other low income people are receiving medical services to which they are entitled and determination of whether the services are comparable with those received by other persons; and determination of the socioeconomic and social-psychological factors that may be barriers to the utilization of services by very poor people, e.g., ignorance on the part of clients, lack of knowledge about health matters, unfamiliarity with availability of medical services and institutional and economic barriers to the utilization of health services. Also, studies will be made of the organization of health services to ascertain how and to what degree the total health needs of low-income people are being met and what cost variations are found by different levels of medical programs.

In the planning and conduct of this research, close and continuing consultation will be maintained with the National Center for Health Statistics and with other research agencies of the Federal Government. Consultation will be obtained from research experts on research design and methodology, and from State and federal program staff on the nature of the programs in the several States. Pilot studies, initiated in fiscal year 1967, are concerned with preliminary work on research design, development and testing of interview schedules, and analyses of results of a small-scale sample survey of populations eligible for medical care services under Title XIX and of those individuals and organizations providing such services.

Data obtained in the medical care benchmark survey will provide a baseline for subsequent studies of the degree to which problems are being met, the need for changes or innovations in the program, and specific measures required to insure that the low-income population receives health care which the legislation was intended to provide. It is estimated that about 60 percent of the contract funds requested for fiscal year 1968 will be spent for this project.

(2) *Evaluation of State maternal and child health services programs.*—There has been limited formal evaluative research conducted on these programs. Considering the scope of these programs and the growth in recent years of related programs for maternal and child health care, there is a need for more systematic evaluation. The purpose of such evaluation would be to determine the extent to which the programs are meeting specified objectives, to evaluate the effects of changes in emphases in the program over the years, and to assess the impact of the grants on development and delivery of health services among the several States.

To accomplish this, a study would be initiated which would be designed to: (1) Develop models of the component elements of Maternal and Child Health Programs. This has an underlying assumption that these elements, such as (a) a good vital statistics department, (b) strong visiting nurse service, (c) effective programs for screening defects (visual, hearing, dental, etc.) in children, (d) adequate provisions for prenatal, maternal and child health care, etc., are related to such outcomes as reduced infant and maternal mortality and morbidity. (2) Assess the degree to which the Maternal and Child Health Program in each State approximates the elements of the above models, noting strong points and weak points with appropriate recommendations for improvement. (3) Develop a reporting system that would provide basic data on all program elements for policy and planning decisions through cost-benefit and other data analysis methods.

(3) *Evaluation of work incentive programs.*—In anticipation of increased programs designed to provide work incentives for public assistance recipients, there is a need for research to evaluate alternative work-incentive programs. Illustrative of work incentive proposals are those that would permit public assistance recipients to retain a specified proportion of earnings without a reduction in public assistance payments. There has been considerable speculation

about whether such efforts are feasible or practicable, but there has been little research-based information to guide programs. Careful and systematic studies of the effects of alternative approaches to administering work incentives will provide an improved basis for the development of program policies and for the effective implementation of the legislative proposals which will be submitted to the Congress this session.

(4) *Evaluation of alternative means of providing care and services for vulnerable populations.*—Group care arrangements are presently used for large groups of adults and children who cannot be provided care in their own homes. Evaluation is needed to determine the most effective organization and utilization of resources for these vulnerable population groups. Among the items which would be selected for early study would be homemaker services. These services would be reviewed in terms of viewing them as a primary alternative to group care for both children and adults. Studies will include both cost effectiveness and other aspects of the provision of these services, including such aspects as the long term impact on the vulnerable population groups, the extent of the need for such services, and the additional resources that are likely to become available to meet current and anticipated needs.

SOCIAL SECURITY ACT AUTHORIZED PROGRAMS

Senator HILL. You are also going to tell us about the cooperative research and demonstration projects?

Mr. MEYERS. Yes, sir.

Senator HILL. All right, sir.

Mr. MEYERS. Under this program, grants and contracts are made with States and public or other nonprofit organizations for conducting research or demonstrations associated with the programs authorized under the Social Security Act.

Among the areas which are covered by this authorization are projects relating to the prevention and reduction of dependency, the coordination of planning between public and private welfare agencies, and the improvement of the administration and effectiveness of these programs.

Dr. Carter has joined us. She is the expert in this area in case we get into any detailed questions.

Senator HILL. We are glad to have you, Doctor.

AVAILABLE RESEARCH SUPPORT

Mr. MEYERS. Prior to fiscal year 1967, almost all of the funds appropriated for this program have been used for grants. However, for fiscal year 1967, the Congress appropriated funds with which to initiate a directed research program through the use of contracts.

The grant program emphasizes support of projects which are primarily initiated by non-Federal investigators and which are recommended by the Advisory Panel as meriting Federal support. On the other hand, the contract program has been designed to pursue questions affecting program planning and program operations which are of particular interest to administrators and others concerned with program development. Thus, the contract projects are initiated and closely monitored by the research staff although projects are submitted to consultants and specialists for their review.

GRANT PROGRAM

The research grant portion of this program is administered by the Welfare Administration in cooperation with the Social Security Ad-

ministration. Projects supported by research grants cover subjects of interest to both agencies.

For fiscal year 1968, \$2.7 million or about two-thirds of the total request would support research and demonstration grants. These funds will provide approximately \$1.7 million for continuing projects begun in prior years and will provide about \$1 million to initiate 23 new projects, the same number as will be started during the current fiscal year. As of January 1, 1967, 71 research grant projects had been completed of which 29 dealt with studies of the organization, administration or evaluation of social welfare programs and 29 dealt with studies of the underlying factors affecting economic status, income levels, and economic security.

The remaining projects deal with such areas as family planning and ways to measure change in family structure and behavior. The budget justification gives examples of specific types of projects which have been supported under this program.

Senator HILL. Do you feel this program has been very successful?

Mrs. CARTER. Yes; I would say so.

DIRECTED RESEARCH PROGRAM

Mr. MEYERS. In addition, the fiscal year 1968 budget requests about \$1.5 million for directed research contracts, an increase of \$720,000 over 1967, or an approximate doubling of the 1967 level. During 1967, the first stage will be taken in this program by initiating a large-scale research project which is designed to produce information of nationwide applicability concerning the living conditions of families related to the aid to families with dependent children program. Detailed data will be obtained from a sample of AFDC families and from those whose cases have been closed as well as those who applied for but did not receive assistance.

This information will seek to explore in depth the social and economic characteristics of these families as well as the impact of differing State laws and administrative procedures on the provision of assistance to these families. A small number of pilot projects will also be supported in other areas.

The budget proposes for 1968 a broad medical care status survey which will examine the types and extent of health care available to low-income persons as well as their utilization of such services. By undertaking this study at this time, soon after the passage of the title XIX medical assistance legislation, we believe that it will provide us with very important data against which we can measure the impact and benefits derived from the medical assistance program over the next several years. This study will have two parts and will concern itself both with the ways in which low-income persons utilize health services as well as with the organization and administration of medical care programs in terms of their efforts to make these programs available to persons with low income.

In addition to this large study, which will require approximately \$1 million, we would propose to undertake special program evaluation studies of several other fields. These studies will deal particularly with ways to improve delivery of health and welfare services and to strengthen the capacity of individuals to support themselves whenever possible. Included among these studies will be an evaluation of State

maternal and child health services, an evaluation of different types of work incentives as a means of encouraging assistance recipients to support themselves, and an evaluation of alternative means of caring for adults and children who cannot now be provided care in their homes.

1967 APPROPRIATION AND 1968 BUDGET REQUEST

In total, the 1968 budget requests \$4,170,000 for these grant and contract programs, an increase of approximately \$1.1 million over the fiscal year 1967 level.

Senator HILL. You got this increase of \$1,100,000. How much did you ask for?

Mr. MEYERS. I can supply that.

Senator HILL. The Budget Bureau reduced you some \$300,000; is that right?

Mr. MEYERS. That is correct, sir.

(The information follows:)

Since 1963, this program has been administered by the Welfare Administration in cooperation with the Social Security Administration and has supported research projects of interest to both agencies.

At the time budget requests for fiscal year 1968 were submitted to the Bureau of the Budget, the Social Security Administration requested funds in a separate appropriation for a Cooperative Research program. For fiscal year 1968, the Welfare Administration requested \$3,470,000 for the Cooperative Research program and the Social Security Administration requested \$1,000,000, or a total of \$4,470,000 for the two agencies. The Bureau of the Budget disallowed the request for separate funding for the Social Security Administration and allowed \$4,170,000 for continuation of a joint program. This was a reduction of \$300,000.

RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

STATEMENT OF JOSEPH H. MEYERS, ACTING COMMISSIONER OF WELFARE, ACCOMPANIED BY ELMER W. SMITH, EXECUTIVE OFFICER, WELFARE ADMINISTRATION; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

"RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)"

"For payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States, for necessary expenses of the Welfare Administration as authorized by law, \$1,500,000, to remain available until expended: *Provided*, That this appropriation shall be available in addition to other appropriations to such agency, for the purchase of the foregoing currencies."

Amounts available for obligation

	1967	1968
Appropriation.....	\$1,500,000	\$1,500,000
Unobligated balance brought forward.....	179,552	279,552
Unobligated balance carried forward (reserve for fluctuation of currency).....	-279,552	-379,552
Total.....	1,400,000	1,400,000

Obligations by activity

Description	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Maternal and child health.....		\$850,000		\$850,000		
Social welfare.....		550,000		550,000		
Total obligations.....		1,400,000		1,400,000		

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Travel and transportation of persons.....	\$34,600	\$50,000	+\$15,400
Grants, subsidies, and contributions.....	1,365,400	1,350,000	-15,400
Total obligations by object.....	1,400,000	1,400,000	

Summary of changes

1967 enacted appropriation.....	\$1,500,000
1968 estimate.....	1,500,000
Total change.....	

The appropriation request for 1968 will permit continuation of the research program in social welfare and special health fields at the same level as the 1967 program. In fiscal year 1968 emphasis will be placed on projects for the prevention of mental retardation and improving the functioning of the mentally retarded, services for handicapped children, physical growth rate in children, family planning, strengthening family life through social services, testing new methods of prevention of juvenile delinquency, and demonstrating methods to deal with alcoholism. Funds requested for fiscal year 1968 by activity and by country are as follows:

Country	Maternal and child health	Social welfare	Total
Burma.....	\$25,000	\$20,000	\$45,000
Ceylon.....	60,000	30,000	90,000
United Arab Republic.....	55,000	60,000	115,000
India.....	100,000	60,000	160,000
Israel.....	250,000	150,000	400,000
Pakistan.....	85,000	60,000	145,000
Poland.....	170,000	100,000	270,000
Tunisia.....	35,000	30,000	65,000
Yugoslavia.....	120,000	90,000	210,000
Total.....	900,000	600,000	1,500,000

RESEARCH AND TRAINING (SPECIAL FOREIGN CURRENCY PROGRAM)

INTRODUCTION

Foreign currencies, excess to the normal needs of the United States, are used by the Welfare Administration for research in selected foreign countries and for foreign research training and fellowships. The use of these funds for research in social welfare and health is authorized by section 104(k) of Public Law 83-480, the Agricultural Trade Development and Assistance Act of 1954, as amended. Use of foreign currencies for research and research training in the maternal and child health area is authorized by Public Law 86-610, the International Health Research Act of 1960.

The overseas research program of the Welfare Administration supplements the domestic research in social welfare, maternal and child health, and crippled children's services carried on by the rather limited number of persons in the United States engaged in applied research in these fields. The use of foreign currencies makes it possible for trained persons abroad to devote time and skills to research in problems for which the United States also seeks new or better solutions.

Many of the problems that beset our society are also common to other parts of the world. Complications of pregnancy, illnesses of the newborn, and congenital defects continue to be of major concern in the United States as they are elsewhere. Many societies including our own are searching for new methods to help people reverse the cycle of chronic dependency or social handicaps.

The need for sound knowledge and tested theory on which to base planning for health and welfare services is widely recognized. There is, however, a universal shortage of persons able and willing to devote themselves to research which will yield findings on which to base effective social policy. This program encourages well trained scientists to cooperate with the United States in areas of mutual concern and attracts individuals to develop and devote research competence to studies of value beyond the individual countries. The professional contacts established through the foreign currency research program promote goodwill and increase the opportunities for scientific personnel (both overseas and in this country) to share knowledge and keep up with new developments.

PROGRAM PROGRESS AND DEVELOPMENT

Funds for research through the foreign currency program first became available to the Welfare Administration in fiscal year 1962 with an appropriation of \$1,607,000. Additional funds were not appropriated until fiscal year 1966 when \$1,200,000 became available. During the period 1962 through 1965, professional contacts encouraged qualified personnel in the participating countries to devote time and skill to cooperative research in the social welfare and maternal and child health area. By the end of fiscal year 1965, 34 projects had been approved and by the end of fiscal year 1966, 54 projects had been approved in seven countries, distributed as follows:

	Maternal and child health	Social welfare
Burma.....	1	—
India.....	1	8
Israel.....	8	14
Pakistan.....	2	1
Poland.....	4	5
United Arab Republic.....	1	4
Yugoslavia.....	2	3
Total.....	19	35

In programming funds, emphasis has been placed on encouraging identical or complementary studies in the various cooperating countries in order to identify cultural differences and underlying trends. These studies are complementary to research in the United States. They confirm findings as to what can be expected in similar or in contrasting circumstances and they are useful in testing the success or failure of methods to deal with problems in social welfare and in maternal and child health. They produce comparative data useful for planning programs to meet needs and develop programs which will promote the well-being of individuals and families. This international research program provides a unique opportunity to harmonize these efforts.

Already completed studies in juvenile delinquency have developed successful methods for dealing with young delinquents in a variety of countries. The Tel Aviv Street Corner Project has particular applicability to our United States cities as it has demonstrated ways of reaching youngsters informally in their own neighborhoods prior to involvement in serious trouble.

Last year we reported on the great interest aroused by the four programs for testing newborn infants for phenylketonuria, a condition which, if untreated early in infancy, usually causes mental retardation. Studies have already provided valuable data indicating variations in incidence among ethnic groups, for example, the high incidence among Poles and the absence of the condition in Jews of European origin. In Israel, plans are being developed for the testing program to be taken over by the government of Israel leaving the research staff free to concentrate in greater depth on methods of treatment which are baffling to United States workers.

Another one of the most fruitful returns of the program, as far as the United States is concerned, will come from the overseas student research fellowships. Using only foreign currencies, the Children's Bureau made 23 student fellowship awards for senior students in United States medical schools to spend their elective period working on our projects in Israel, the United Arab Republic, Yugoslavia and Pakistan.

At the end of fiscal year 1966, all funds available had been awarded except for a small reserve to take care of potential currency fluctuations and in some countries amounts too small to finance a new study. It is anticipated that a similar condition will prevail at the end of fiscal year 1967.

Funds appropriated for fiscal year 1967 make it possible to extend to additional countries some of the studies already developed and approved, to add new topics and to explore the research potential and launch the program in Ceylon and Tunisia.

1968 BUDGET REQUEST

The program is budgeted under two activities: 1. Maternal and Child Health; and 2. Social Welfare. For fiscal year 1968, \$1,500,000 is requested for the use of local currencies in the following countries:

Country	Activity 1, maternal and child health	Activity 2, social wel- fare	Total
Burma.....	\$25,000	\$20,000	\$45,000
Ceylon.....	60,000	30,000	90,000
United Arab Republic.....	55,000	60,000	115,000
India.....	100,000	60,000	160,000
Israel.....	250,000	150,000	400,000
Pakistan.....	85,000	60,000	145,000
Poland.....	170,000	100,000	270,000
Tunisia.....	35,000	30,000	65,000
Yugoslavia.....	120,000	90,000	210,000
Total.....	900,000	600,000	1,500,000

Funds requested for 1968 will make it possible to carry out a more comprehensive coordinated research program, to fortify and extend the effectiveness of the ongoing program, to strengthen further the potential research competence in the participating countries, and to promote the communication of knowledge among researchers in the fields of social welfare and maternal and child health.

The budget justification by activity follows:

Activity 1. Maternal and child health

	1967 appro- priation	1968 estimate	Increase or decrease
Burma.....		\$25,000	+\$25,000
Ceylon.....	\$70,000	60,000	-10,000
United Arab Republic.....	10,000	55,000	+45,000
India.....	99,000	100,000	+1,000
Israel.....	471,000	250,000	-221,000
Pakistan.....		85,000	+85,000
Poland.....	127,000	170,000	+43,000
Tunisia.....		35,000	+35,000
Yugoslavia.....	123,000	120,000	-3,000
Total.....	900,000	900,000	-----

Appropriations for 1966 and 1967 have established the program on a firm basis and have permitted sound forward planning. Projects take considerable time to develop. Consultants and project officers, while working to complete agreements in 1966 and 1967, were also laying groundwork for future projects. The request for 1968 therefore, represents a program for which much preliminary work has been done.

The requested funds will be used to further strengthen existing areas of special interest to the Children's Bureau and to develop more fully the new elements in the program, the Interchange of Experts and the Medical Students Research Fellowships.

*1. Grants for Current Priority Areas**a. Mental Retardation*

Mental retardation continues to be an area of major interest in the United States and also one in which a number of countries wish to cooperate. Three projects under way for testing newborn infants for phenylketonuria (a condition which, if not treated in infancy, usually causes mental retardation) have gone exceptionally well and will, on completion, provide new information on the incidence of this disease in various ethnic groups. If studies now proposed in Ceylon, Tunisia, India and the United Arab Republic can be arranged, there will be a very significant geographic coverage. In addition, preliminary work has begun on the development of other studies on mental retardation in India and Israel.

In June 1966, the Children's Bureau arranged a research conference on the subject of Inborn Errors of Metabolism, placing the meeting in Yugoslavia and using the mechanism of Interchange of Experts discussed below. Experts from the United States, from European countries and from some of the developing countries met together to discuss current research, exchange ideas, and explore new avenues for study. Without expenditure of United States dollars, U.S. experts had an opportunity to confer with colleagues abroad and benefit from their explorations and the foreign participants benefited from the U.S. experience. The conference was so successful that another is planned for late 1967 in Poland dealing with another area relating to mental retardation. This will again provide an opportunity for exchange of ideas and will stimulate the development of studies in this area.

b. Maternity and newborn care

The Children's Bureau domestic program of Maternity and Infant Care continues to provide a reason for encouraging research in this area, at home and abroad. Studies are contemplated at the American Research Hospital for Children in Krakow on the development of "high risk" children—those born of complicated pregnancies. This type of research requires long time funding in order to follow children to the stage where damage may become apparent.

c. Services for handicapped children

Studies on the identification of infants with hearing defects are in progress in Poland and Israel and a new one on the genetic background of some 200 children with congenital deafness has been started in Israel.

A spina bifida (spinal defect) study is planned in Poland for fiscal year 1968. This study is in some respects a counterpart of a project financed by the Children's Bureau at the Children's Hospital in Philadelphia and will utilize the Philadelphia experts as consultants, so that comparable data may be obtained.

In Pakistan a beginning will be made on studying congenital malformations which are frequent and varied in that country. In 1968, it is planned to make a start on the project by collecting data on incidence.

d. Growth and development

This program area, planned for activation in 1966, developed more slowly than anticipated. Consultant services were obtained late in F.Y. 1966 from an outstanding expert, a U.S. pediatrician who coordinates eight country studies for the International Children's Center in Paris. The consultant visited Yugoslavia and Poland and assisted the Children's Bureau with formulating plans. Similar studies are planned also in Pakistan and in Madras, India. Studies designed to obtain basic data, now lacking in these countries, on measurements of children and on their rate of growth, will be useful for comparisons with U.S. children and those of other countries as well.

2. Planned New Areas for Research Grants

a. Family Planning

In 1967, the Children's Bureau will initiate its first foreign study in family planning with a grant to the Federal Institute of Public Health in Belgrade for a study titled, "Study of the Effect of Intensive and Extensive Application of Contraception on the Abortion Rate." Yugoslavia is an ideal place for such a study, because abortion is legal and cases can therefore be followed. Other studies in the general field of family planning will be undertaken in India, Pakistan and the United Arab Republic, countries with a commitment to family planning services.

b. Cooperative studies with schools of public health

With the support of the Children's Bureau domestic grants, maternal and child health departments in schools of public health are developing broadened research programs to answer some of the pressing problems of maternal and child health and crippled children's services. As these departments develop their research potential, they need additional resources for training personnel in practical field research. The Maternal and Child Health Department in the Harvard School of Public Health is cooperating with the Children's Bureau in developing such a research area in Ceylon, using local currencies. One of their professors, during his sabbatical leave in 1967, will assist in organizing this program. Other similar programs with schools of public health are contemplated.

3. Research Fellowships

a. Interchange of Experts Program

A small beginning of this activity, authorized under PL 86-610, the International Health Research Act of 1960, was made in F.Y. 1966. Under this mechanism, U.S. experts can visit countries where there are foreign currency supported research projects in order to study special conditions of children's health and in reverse, experts may be brought to the United States for study and training.

The opportunity for U.S. experts is especially rewarding, since this provides a way for some of the U.S.-owned currencies to contribute to strengthening U.S. scientific knowledge. Awards were made to a professor of pediatrics, studying in Paris on his sabbatical leave, to enable him to enhance his experience with some observations in Israel, and to another professor, also on sabbatical leave, studying ambulatory health care of children in the United States, to make similar observations in Yugoslavia and other European countries en route. Similar awards will continue to be made to highly qualified U.S. experts who wish to increase their special competence.

No U.S. dollars are involved in this program. About \$5,000 in foreign currencies will be spent in F.Y. 1967 for this purpose and it is estimated that \$40,000 will be needed for this activity in 1968 to provide for 40 Exchanges.

b. Student Research Fellowships

This program, also authorized under PL 86-610, was first activated by the Children's Bureau in late 1966 on an experimental basis. Under this program, selected senior medical students may spend an elective period of 8-12 weeks working under a foreign investigator on a research project supported by the Children's Bureau. The purpose of the program is to provide the student with an experience in an environment where medical conditions and medical services differ from those in the United States and where he can have a useful work experience. This program becomes a new resource for field experiences which are being sought by medical schools to their efforts to enlarge their training facilities.

Three placements, using foreign currencies in Israel, Yugoslavia and the United Arab Republic were made in 1966. The equivalent of \$31,000 will be spent in 1967 for approximately 40 placements.

Activity 2. Social welfare

	1967 appropriation	1968 estimate	Increase or decrease
Burma.....		\$20,000	+\$20,000
Ceylon.....	\$40,000	30,000	-10,000
United Arab Republic.....	45,000	60,000	+15,000
India.....	75,000	60,000	-15,000
Israel.....	150,000	150,000	
Pakistan.....	100,000	60,000	-40,000
Poland.....	55,000	100,000	+45,000
Tunisia.....	25,000	30,000	+5,000
Yugoslavia.....	110,000	90,000	-20,000
Total.....	600,000	600,000	

PROGRAM PROGRESS AND DEVELOPMENT

In the initial stages of the social welfare research program, a major share of the funds was expended in Israel and India. The Welfare Administration now has additional important cooperative projects in the United Arab Republic, Poland, and Yugoslavia. In Poland, well established research centers are providing information on problems of alcoholism in urban areas, the impact of alcoholism on the welfare of children and the increased incidence of alcoholism in industrialized centers. Cooperative projects are providing findings for the United States on these important questions. Israel, Poland, the United Arab Republic, and Yugoslavia are participating in a new cross-national study of the work of juvenile courts, a comparative study being directed by the Children's Bureau. These activities are of great value to the United States not only in their scientific aspects, but also in the goodwill generated through the professional contacts.

1. *Juvenile Delinquency*

Juvenile delinquency prevention programs are already making use of the findings of action-research projects overseas. The project in Tel Aviv dealing with forces acting in street-corner groups provides our experts with extremely valuable information in regard to the relationship between the manifestations of delinquency and successive generations of teenagers. The value of the study to the United States is that the problem of delinquency was studied in a newer environment by a researcher who worked in the United States and is sensitive to factors involved in the development of delinquency problems.

A project started this year is designed to answer the question frequently raised as to how juvenile delinquency in the United States compares with other countries. Four countries have joined with us to make a study of the kinds of offenses coming before juvenile courts, just who the children are, what they do that brings them before the court, and what disposition is made of the case. Warsaw, Belgrade, Ljubljana, Jerusalem, and Bombay will produce findings for this study which should develop a comparable way of looking at juvenile offenses and a basis for comparative studies. New funds are needed for additional projects on prevention and study of the methods of treatment of delinquency in urban areas such as Cairo and Madras.

2. *Public Welfare Services*

Our greater knowledge of research potential in the different countries has led to establishment of projects of very specific benefit to the United States. For example, a new project in Israel is studying alternative methods of administering supplementary benefits to old-age and survivors pensioners with low incomes. Another new project is studying the effectiveness of social services in experimental public welfare bureaus in Israel. These projects are related to a study already completed which deals with social services from the user's point of view.

A new project in Ceylon will test methods of rehabilitation of public assistance recipients with health problems.

3. *Services for the Aging*

Comparative studies underway in Israel, Poland and Yugoslavia are producing findings of benefit to U.S. organizations concerned with extension of community services for older citizens. The next phase of this project would give specific attention to service experiments in home care and rehabilitation of aged persons. Particular attention would be given to services through public welfare to the Aging in low-income groups including protective services for older persons in these groups.

4. *Social Welfare and Family Planning*

The social welfare aspects of family planning have attracted wide interest internationally and the International Research Program offers an excellent vehicle for exchange of information. As an illustration, under the Welfare Administration program, competent Egyptian researchers have undertaken an evaluation of segments of a large-scale action program in family planning. This project will have widespread value in providing a better understanding of the knowledge, attitudes and practices with respect to contraception and of the role of social work in any type of population control program which takes account of the importance of family attitudes and different cultural and moral values. Applications for cooperative research in the social welfare aspects of family planning have also been received from Yugoslavia and India but must await new funds for implementation.

PLANNED NEW AREAS FOR RESEARCH GRANTS

Three universities in India would cooperate in a study of the organization and functioning of the *family* in a modernizing society. The project was designed by a consultant from Western Reserve University and takes particular account of the current interest of the Welfare Administration in research in family life. It is anticipated that a similar study will be undertaken in a U.S. university.

An urban development project, focused on *family services* in Israel, an outgrowth of an experimental project just completed, is highly recommended as of great potential value to the U.S. by social researchers from Columbia University and the University of Michigan. It will test new methods of rehabilitating deprived families to help them become self-supporting and better integrated into community life.

New funds requested will make possible comparative studies of *juvenile delinquency* in Ceylon, Tunisia and additional cities in India.

Two projects on *day care* for the mentally retarded would test new ways of working with retarded youngsters in Poland and Israel.

Most of the new proposals are outgrowths of previous successful research and, therefore, build on accumulated findings along lines of known scientific interest and value to social welfare in our country.

Research and training (special foreign currency program), summary of new projects

Country and activity	Fiscal year 1966		Estimate, fiscal year 1967		Estimate, fiscal year 1968	
	Number	Amount	Number	Amount	Number	Amount
Burma:						
Maternal and child health.....	1	\$19,344			1	\$20,000
Social welfare.....					1	20,000
Ceylon:						
Maternal and child health.....			1	\$67,700	1	50,000
Social welfare.....			1	35,000	1	25,000
India:						
Maternal and child health.....	1	100,383	1	90,000	2	90,000
Social welfare.....	1	33,077	2	70,000	1	50,000
Israel:						
Maternal and child health.....	3	177,110	4	445,000	2	235,000
Social welfare.....	5	189,749	2	137,700	2	135,000
Pakistan:						
Maternal and child health.....		19,108			1	85,000
Social welfare.....			1	90,000	1	50,000
Poland:						
Maternal and child health.....		95,446	1	110,000	1	165,000
Social welfare.....	3	144,375	1	50,000	1	80,000
Tunisia:						
Maternal and child health.....					1	30,000
Social welfare.....			1	20,000	1	30,000
United Arab Republic-Egypt:						
Maternal and child health.....		8,870		10,000	1	50,000
Social welfare.....	2	97,489	1	40,000	1	55,000
Yugoslavia:						
Maternal and child health.....	1	178,364	1	110,000	2	100,00
Social welfare.....	2	93,312	2	90,000	1	80,000
Total maternal and child health.....	6	598,625	8	832,700	12	825,000
Total social welfare.....	14	558,002	11	532,700	10	525,000
Grand Total.....	20	1,156,627	19	1,365,400	22	1,350,000

MATERNAL, CHILD HEALTH, AND SOCIAL WELFARE RESEARCH IN FOREIGN COUNTRIES

Senator HILL. You are going to address yourself now to the research and training—special foreign currency program?

Mr. MEYERS. Yes, sir.

Under this program, the Welfare Administration uses foreign currencies to support maternal and child health research and social welfare research in countries where there are currencies excess to the normal needs of the United States.

STUDENT RESEARCH FELLOWSHIPS

In addition, the program provides overseas student research fellowships for senior U.S. medical students who desire to work abroad on maternal and child health research projects. These efforts are designed to produce results beneficial to the United States as well as the foreign country involved.

Senator HILL. How many of these students do you have abroad now?

Mr. MEYERS. How many teams, how many projects?

Senator HILL. Yes.

Mr. SMITH. You mean in terms of research fellowships?

Senator HILL. That is right.

Mr. SMITH. For the academic year 1967-68, we have made 23 awards under this program.

Senator HILL. Twenty-three?

Mr. SMITH. That is right.

Mr. MEYERS. I think that is in the statement further on; yes, sir; 23.

JUVENILE DELINQUENCY

Interest in multinational studies is definitely increasing. As an example, juvenile delinquency has been a productive subject for international research this past year.

In response to this interest, we were able to establish a four-country study of the work of juvenile courts to provide the base for a comparative look at delinquency in the different countries. Other areas in which concurrent studies are being pursued in several countries are family planning and providing of community services to the aged.

Senator HILL. Which are the four countries?

Mr. MEYERS. Poland, Israel, Yugoslavia, and the United Arab Republic.

CHILD DEVELOPMENT PROGRAMS

Programs to promote the development of children are also of sustained and augmented concern here and abroad. Studies under the maternal and child health aspects of this program are designed to obtain data on the physical measurements and rate of growth of children in several countries and to examine the relationship of malnutrition in early infancy to retardation of mental development.

INFANT MENTAL RETARDATION

We also reported to you last year on the great interest aroused by the four programs we are supporting for testing newborn infants for phenylketonuria, a condition which if untreated early in infancy usually causes mental retardation. Three of these projects have now passed the stage of testing programs and are being broadened to carry out additional studies on the continuing care of these children and on other inborn errors of metabolism.

In Israel, for example, plans are being developed for the testing program to be taken over by the Government on a permanent basis, leaving the research staff free to work more deeply on methods of treatment which are baffling to U.S. workers.

Senator HILL. You speak of taking over by the Government. You mean by the Government of Israel?

OVERSEAS STUDENT RESEARCH FELLOWSHIPS

Mr. MEYERS. Yes, sir, by the Government of Israel.

In the field of research training, one of the fruitful returns of the program, as far as the United States is concerned, will come from the overseas student research fellowships. We are able under this program, using only foreign currencies, to provide an opportunity for senior students in U.S. medical schools to spend their elective period, usually

8 to 12 weeks, working abroad on one of our projects. From a number of excellent applicants, the Children's Bureau made 23 student fellowships awards in January for placement during 1967-68 in Israel, United Arab Republic, Yugoslavia, and Pakistan.

1967 APPROPRIATION AND 1968 BUDGET REQUEST

For fiscal year 1968, we are requesting \$1,500,000 for this program, the same amount as was appropriated for fiscal year 1967. As this program has matured and developed, we have become better able to plan our international research activity.

We are also better acquainted with country resources. Most of the new proposals we have which are awaiting new funds are an outgrowth of previous successful research.

DAY CARE FOR MENTALLY RETARDED

New proposals on testing day care for the mentally retarded have been submitted from Poland and Israel.

COMMUNITY SERVICES FOR FAMILY NEEDS FOR WORKING MOTHERS

The working mother and changing responsibilities of parents concern many of the developing countries as well as the United States. Three countries have submitted requests to study family needs that result when the mother is working out of the home and they would test new combinations of community services related to these new needs.

Senator HILL. Which are these three countries, sir?

Mr. SMITH. They are United Arab Republic, India, and Yugoslavia, Mr. Chairman.

PROPOSED NEW PROJECTS

Mr. MEYERS. Other proposals awaiting new funds deal with methods of providing social services, the prevention and treatment of alcoholism, family planning, studies of premature births, and other questions relating to health of infants and young children.

Senator HILL. You speak about awaiting new funds. Will the 1968 budget give you some of the new funds that you need?

Mr. MEYERS. We have a backlog of new projects amounting to \$1,270,000. We are asking for \$1.5 million. So we would have the additional amount of about \$300,000 for other new projects.

Senator HILL. The new programs?

Mr. MEYERS. Yes.

OFFICE OF THE COMMISSIONER, SALARIES AND EXPENSES

STATEMENT OF JOSEPH H. MEYERS, ACTING COMMISSIONER OF WELFARE, ACCOMPANIED BY ELMER W. SMITH, EXECUTIVE OFFICER, WELFARE ADMINISTRATION; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

"OFFICE OF THE COMMISSIONER, SALARIES AND EXPENSES

"For expenses necessary for the Office of the Commissioner of Welfare, **[\$1,522,000] \$1,888,000."**

"Grants to States, next succeeding fiscal year: For making, after May 31 of the current fiscal year, payments to States under titles I, IV, V, X, XIV, XVI, and XIX, respectively, of the Social Security Act, as amended, for the first quarter of the next succeeding fiscal year, such sums as may be necessary, the obligations incurred and the expenditures made thereunder for payments under each of such titles to be charged to the appropriation therefor for that fiscal year.

"In the administration of titles I, IV, V, X, XIV, XVI, and XIX, respectively, of the Social Security Act as amended, payments to a State under any of such titles for any quarter in the period beginning April 1 of the prior year, and ending June 30 of the current year, may be made with respect to a State plan approved under such title prior to or during such period, but no such payment shall be made with respect to any plan for any quarter prior to the quarter in which such plan was submitted for approval."

Amounts available for obligation

	1967	1968
Appropriation.....	\$1,522,000	\$1,888,000
Unobligated balance, reserve.....	-35,070	
Total.....	1,486,300	1,888,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Direction and coordination of the welfare program.....	53	\$775,000	71	\$1,023,000	+18	+\$248,000
Appraisal and development of the welfare program.....	46	635,300	51	788,000	+5	+152,700
Administration of cooperative research program.....	4	76,000	4	77,000		+1,000
Total obligations.....	103	1,486,300	126	1,888,000	+23	+401,700

862 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	103	126	+23
Full-time equivalent of all other positions.....	3	3	-----
Average number of all employees.....	91	112	+21
Personnel compensation:			
Permanent positions.....	\$1,007,400	\$1,260,500	+253,100
Positions other than permanent.....	36,000	36,000	-----
Other personnel compensation.....	5,600	8,000	+2,400
Total, personnel compensation.....	1,049,000	1,304,500	+255,500
Personnel benefits.....	75,000	96,500	+21,500
Travel and transportation of persons.....	61,000	84,500	+23,500
Transportation of things.....	1,000	14,500	+13,500
Rent, communications, and utilities.....	50,000	57,000	+7,000
Printing and reproduction.....	45,000	61,000	+16,000
Other services.....	169,000	211,000	+42,000
Supplies and materials.....	15,600	20,500	+4,900
Equipment.....	20,700	38,500	+17,800
Total obligations by object.....	1,486,300	1,888,000	+401,700

Summary of changes

1967 enacted appropriation.....	\$1,522,000
Unobligated balance, reserve.....	35,700
1967 total estimated obligations.....	1,486,300
1968 estimated obligations.....	1,888,000
Total change.....	+401,700

	Base		Changes from base	
	Positions	Amount	Positions	Amount
Increases:				
A. Built-in: To carry 1967 authorized staff in 1968.....				+\$131,700
B. Program:				
1. Coordination of the Welfare Administration program in the field.....			18	193,000
2. Administration of the directed research program.....	3	\$24,000	3	30,000
3. Program research and evaluation of program operations.....	10	141,000	2	25,000
4. Welfare Administration exhibits.....				5,000
5. Increased printing costs.....		45,000		10,000
6. Research statistical data.....		106,000		20,000
7. Financial and administrative management data processing.....				10,000
Total program increases.....			23	293,000
Decreases: Nonrecurring items of equipment, rental of space, and 1 less paid day in 1968.....				-23,000
Total net changes requested.....			+23	401,700

EXPLANATION OF CHANGES

COORDINATION OF WELFARE ADMINISTRATION PROGRAMS IN THE FIELD

Staff is requested to provide leadership and coordination of Welfare Administration programs in the field. Staff at the regional level is required to assure that closely related program activities are appropriately coordinated, to provide consolidated liaison with the over-all welfare program goals and objectives to permit the highest possible degree of decentralization. To carry out these responsibilities, nine regional coordinators (GS-15) and nine clerical positions (GS-7), are requested.

CONDUCT OF RESEARCH AND APPRAISAL OF PROGRAM OPERATIONS

To provide assistance to design projects, stimulate essential research, conduct follow-up activities and review completed studies related to the expanded directed research program, a staff of three additional positions is requested (2 professional positions, GS-15 and GS-14 and one clerical position, GS-7).

Staff to conduct program evaluation studies including cost-effectiveness analysis and other special review of the large and growing public assistance, medical assistance and other programs would be augmented by two additional positions requested (GS-13 and GS-5).

An increase of \$10,000 in printing is requested in 1968 for additional costs of the *Welfare in Review*, printing related to research designs and reports on research findings, to provide additional funds for disseminating items of special interest in the welfare area which cut across program lines such as "A Constructive Public Welfare Program", "Study of Drug Purchases Programs and Policies", and "Report of the Advisory Council on Public Welfare", and to facilitate dissemination of research findings and their incorporation into program effectiveness.

An additional \$20,000 is requested to obtain special statistical materials for the Welfare Administration's research series on "Prevention and Reduction of Dependency and Welfare Needs".

\$5,000 is requested for developing and maintaining exhibits of overall Welfare Administration programs for staff orientation purposes, for display at meetings, and for reporting on programs to the general public.

\$10,000 is requested for mechanically processing data required for program management, planning, and evaluation purposes.

JUSTIFICATION

SUMMARY OF PROGRAMS AND ORGANIZATION OF THE WELFARE ADMINISTRATION

Besides the Office of the Commissioner, the Welfare Administration consists of four major organizational components:

1. The Bureau of Family Services which administers (a) a \$4,000,000,000 program of grants to States to provide financial and medical assistance to persons in need as well as social welfare and other services to mothers and children, the aged, the disabled, and the blind; and (b) a program to assist mentally ill and destitute United States citizens who are repatriated from abroad.

2. The Children's Bureau which administers about a quarter of a billion dollar grant program for the health and welfare of children, including (a) grants to the States to extend and improve their health services for mothers and children, to establish and strengthen welfare services for children, and for medical, surgical, corrective, and other care of crippled children; (b) grants for research in the child health and child welfare area; (c) grants for training personnel for work in the fields of child welfare and crippled children; and (d) grants for special projects in the maternity and infant care area and for the health of school and preschool children.

3. The Cuban Refugee Program which provides financial assistance and health services for needy Cuban refugees in the United States, resettlement services from Miami to other parts of the country, and educational and training opportunities for the refugees.

4. The Office of Juvenile Delinquency and Youth Development which administers a program for demonstrating and evaluating improved methods of preventing and controlling juvenile delinquency, and a program for training personnel already employed or preparing for employment in this field. Legislative authority for this program expires June 30, 1967, however new legislation is being proposed during this session of Congress.

In addition to the above programs, the Office of the Commissioner administers directly (a) a program of grants and contracts for research or demonstration projects designed to contribute to existing knowledge or to devise and evaluate new applications of knowledge in the social welfare area (Cooperative Research or Demonstration Projects, Section 1110 of the Social Security Act) and (b) a program of research and training grants to institutions in foreign countries through the use of foreign currencies. The Commissioner also provides leadership for activities assigned to the Welfare Administration by the Agency

for International Development in the international area, activities in the civil defense area as they relate to State and local welfare agencies, and responsibilities delegated to the Department under Title V of the Economic Opportunity Act.

RESPONSIBILITIES OF THE OFFICE OF THE COMMISSIONER

The overall function of the Commissioner and her immediate staff is to assure, to the maximum extent possible, the achievement of the program objectives established by Congress. An integral part of these functions include recommending program changes based on a continuing evaluation of the adequacy of existing programs, providing high level program direction and leadership and stimulating overall planning of social welfare resources in communities. In carrying out program objectives, the Office of the Commissioner bears the responsibilities for: program planning and leadership; overall program coordination, review, and evaluation; liaison with other Federal and non-Federal agencies, State, and international organizations affecting broad areas of mutual program interest; management leadership and advice; and conducting intro-mural research and evaluation programs devoted to questions such as the prevention and reduction of dependency in the United States, coordination of planning between private and public welfare agencies, conduct of cost-benefit analyses in the social welfare field, and the development of social welfare indicators to be used as indices of the level of services available in the welfare, health, education and related areas.

Through the enactment of new and expanded legislation, these responsibilities have grown in recent years—

The Public Welfare Amendments of 1962 stress the provision of preventive and rehabilitative services to public assistance recipients and potential recipients, thereby assisting in preventing or reducing dependency.

The Maternal and Child Health and Mental Retardation Planning Amendments of 1963 established the special maternity and infant care projects for low income families most likely to be subject to health hazards, and instituted a program of research grants to institutions of higher education and other agencies for projects related to maternal and child health and crippled children's services.

The Economic Opportunity Act of 1964 broadened the program of work-experience projects for needy unemployed.

The Civil Rights Act of 1964 provided specific responsibilities for assuring that grant-in-aid programs were administered on the basis that their benefits were available without regard to race, color or national origin. In the case of the Welfare Administration, this Act is applicable not only to State and local agencies providing health or welfare services but also to vendors such as nursing homes, hospitals, or private physicians who are paid through programs supported by Federal funds.

The 1965 Social Security Act Amendments provided the basis for extending medical assistance programs, for strengthening medical services to children, and for supporting more adequate assistance payments.

PROGRAM EMPHASES FISCAL YEARS 1966, 1967, AND 1968

Advisory Council on Public Welfare

The public assistance and child welfare programs were reviewed and evaluated in depth by the Advisory Council on Public Welfare which submitted its comprehensive report and recommendations to the Secretary in June 1966. The recommendations grew from numerous analyses prepared by staff of Federal agencies, particularly the Welfare Administration; six regional open hearings at which 350 people from a broad range of backgrounds either testified or filed statements; and the background and experience of the members of the Council. The Council concluded that a thorough updating of the entire public welfare system in this country was called for as a means of assuring a basic minimum level of economic resources and social services for all persons. To meet this requirement, the Council proposed a broad variety of changes in financial assistance, social services, and related programs within an updated public welfare administrative structure.

Although many of the recommendations of the Council require new legislative authorities before they can be instituted, a number of them point the way for intensified efforts under existing authorities. During fiscal year 1966, major emphasis was placed on special analyses and other staff work for the Advisory

Council. Many alternative proposals were prepared for the consideration of the Council before they arrived at their final recommendations.

During fiscal years 1967 and 1968, increased emphasis is being and will be placed on recommendations of the Council, and areas closely related, which do not require new legislative authorities. Illustrative of these are:

a. Neighborhood Service Centers

The Advisory Council included in its recommendations the structuring of public welfare programs "to provide ever more effective social services, medical assistance, and income maintenance in readily accessible local centers, properly staffed and organized. Increasingly, they may become associated with a complex of special services."

Public welfare has by far the most extensive network of any social service system in the nation, and it has the most contact with the poorest members of our society.

Federal law has placed responsibility upon public welfare to provide directly, and to obtain through cooperative relations with other agencies, all necessary and available help to individuals and families who are, have been, or may become in need of financial or medical assistance. It has further given public welfare the obligation to provide leadership and other forms of participation in the development and extension of resources and facilities to meet social and economic needs of these persons.

Because of the above responsibilities, and because of a conviction that timely services, consultation, and other help provided in a readily accessible place can be of paramount importance in helping to combat dependency and to help lift persons out of poverty, the Welfare Administration and the Department have for several years, been stimulating the thinking of leaders toward the expansion of services to neighborhood areas. State and local public welfare agencies have already established a number of such service centers in various parts of the country.

In 1965, the Welfare Administration developed and released its first extensive materials on public welfare and neighborhood service centers. Among sources drawn upon for the materials were experiences and knowledge gained from some of the Juvenile Delinquency Demonstration Projects, Public Assistance Demonstration Projects, and Cooperative Research Projects. Since then, conferences and meetings have been held with welfare directors of the larger city departments, with top State welfare staffs, with representatives from the larger private social welfare agencies, and with our own regional representatives to promote the locating of services closer to people and to emphasize the need for preventive as well as emergency services. Much informational material and examples of neighborhood centers already under way has been released to State and local welfare agencies.

While much staff time and effort has been put into working with States and others in this effort to create another constructive approach to solving some of the problems of our poverty groups, plans are to concentrate on this area of work to a greater extent in fiscal year 1968.

b. Child and Youth Welfare Services

The Advisory Council recommended that the Federal Government specify the required components for child and youth welfare services to be included within a comprehensive program. Recommended for inclusion would be protective and social services for children in a vulnerable situation, foster care placement in homes and institutions at reasonable rates of reimbursement, adoptive placement services, services to unmarried mothers, homemaker services, day care, other types of group service, provisions for specialized institutional care, probation and school social service, special programs for young people, and services related to the licensing of nongovernmental programs, etc. The goal recommended by the Council is that adequate child welfare services should be available to all children in need of them as a matter of enforceable legal right. The Council recognized the practical difficulty of assuring the universal availability of a full range of services immediately, but recommended that the Federal Government distinguish between services which must be available to all eligible children and those which may be included in a comprehensive program on a progressively expanding basis within the same financing pattern.

While portions of these recommendations require legislation, intensive consideration was given in fiscal year 1966 to the broad area of the provision of services to youth. Within the Children's Bureau, plans were initiated and were

implemented for the establishment of a broad-based youth services unit. This unit has broad responsibilities for maintaining information about the status of programs serving youth, for identifying gaps and deficiencies in such services, and for drawing attention to problems involving the coordination of existing programs serving youth and for helping to expand the resources available to youth.

1965 Amendments

The 1965 Amendments established a medical assistance program for medically needy persons who are, or would be, if sufficiently needy, receiving assistance under the Federally-aided public assistance program. They authorized, at the option of the States, medical assistance programs to be extended to all medically needy children. Increased Federal financial participation in assistance payments was authorized and authority was provided to make payments to or on behalf of aged patients in institutions for tuberculosis or mental diseases. Other public assistance provisions include such areas as protective payments, exemptions of earnings and other income in determining need, and continuation of AFDC payments to children up to 21 who are students in any school, college, or university. In addition, Congress provided that States would receive additional Federal funds for public assistance only to the extent they increased their program expenditures. The Amendments also authorized a program of project grants for the comprehensive health care of pre-school age and school age children, particularly those from low income areas, and a program of project grants to train professional personnel to work with crippled children.

A substantial amount of time was spent in fiscal year 1966 and will be spent in fiscal years 1967 and 1968 to review State plan submissions under the new medical assistance program (Title XIX) and to hold meetings with State officials to obtain a better understanding of the impact of their plan proposals. By the end of December 1966, thirty-two such meetings had been held with the States, twenty-seven State plans had received approval, and three additional plans were submitted and approval was pending. By the end of fiscal year 1967, it is expected that thirty States will have medical assistance plans in effect. By the end of fiscal year 1968, it is estimated that the number of States having medical assistance plans will number forty-eight.

Moving concurrently with these meetings on specific State plans was the whole process of developing and issuing the overall guidelines and policies relating to the implementation of Title XIX, Medical Assistance. Many months of discussion and consideration went into the development of these guidelines which were issued in the form of a supplement to the Handbook on Public Assistance Administration in June of 1966. During fiscal years 1967 and 1968, it will be necessary to evaluate the guidelines and policies and to make any changes found necessary as a result of operating experience in the States. The States will also continue to require advice, consultation, and assistance in the operation of this program.

Program Planning, Evaluation, and Management

As a part of efforts to improve the administration and management of the Welfare Administration programs, emphasis is being placed in several areas which require continuing attention. Primary areas for staff concentration during 1966, 1967, and 1968 are:

a. *Quality Control*:—A task force composed of members of the Office of the Commissioner and the Bureau of Family Services examined findings resulting from the application of the quality control system in Public Assistance programs. The findings of the task force were that although correct eligibility determinations were being made in over 98% of the cases reviewed, there was substantial variations among the States. Targets were established for improvement beyond existing levels in the eligibility determination process. A rate had been established of no more than 2 percent of ineligible determinations for the AFDC program for fiscal year 1966 and of no more than 1.6 percent for the adult categories. The latest findings of the quality control process show that the rate of ineligible determinations during fiscal year 1966 was 1.9 percent in the AFDC program and 1.8 percent in the adult categories. These achievements seem especially remarkable during a period when many States were initiating new activities and requirements under the 1965 Social Security Act Amendments. The Task Force is continuing to review the experience of the program with a view to establishing benchmarks for minimum national rates of ineligibility and to extension of the quality control system to additional program areas.

b. *Program Planning*: The initiation and installation of a system known as Planning, Programming and Budgeting occupied much staff time and attention in fiscal year 1966.

Implementation of the system will make continuing heavy demands on analytical and policy staff during fiscal years 1967 and 1968. The system requires program and policy staff to assess what their dollars are buying, to establish long range goals, to assess the resources for reaching these goals, and to determine how much of the goal can be attained each year. Staff participation in the Office of the Commissioner in fiscal year 1966 was of two types: (1) Providing leadership and advice to the Bureaus to begin to develop comprehensive financial and program statistical data required for the system, and (2) Participating in task forces organized to study the broad problems of social policy and social welfare activities, such as various alternative proposals for income maintenance and for the support for child health activities. As the system becomes more fully developed, additional staff effort will be required in these areas. A special staff unit has been established in the Executive Office to provide leadership in developing program and financial plans.

c. *Program Evaluation*: Program evaluation has always been an ongoing activity of the Bureaus and the Office of the Commissioner. At the Office of the Commissioner level, evaluation research has been conducted on various questions such as: (1) What circumstances bring the public assistance applicant to the agency for help, what happens when the family is rejected for assistance, what public welfare assistance or service resulted in the closing of the family case? What causes some families to stay "on assistance" a short time and other families a period of long duration? (2) What types of program or service best prepares the potentially employable recipient for employment training? What kind of incentives will help recipients continue and complete work-training? With limited training resources can we predict the child care problems for mothers and avoid the training "dropouts". (3) What casework time is saved by use of the declaration method to replace the customary eligibility determination? What is the cost difference in use of staff and what is the cost difference as checked by validating a sample of declarations? (4) What are the work incentive or disincentive effects when income exemptions are offered at different levels in public assistance payments? (5) What changes are taking place in client health practices and in service delivery of health organizations due to the impact of Title XIX, Medical Assistance. What impedes families from making good use of preventive medicine for their children. (6) What are the objectives for protective services for children and for the older senile or disturbed adults? How is this service best delivered? Does an assigned caseload for each caseworker work for better results or can a system be established whereby a team of workers (with different specialties and levels) are given task assignments to be completed as a work unit versus the continuing caseload concept? It is planned to continue to strengthen the in-house research in activities of research development, contract monitoring, and research utilization. The directed research program being initiated in fiscal year 1967 will evaluate specific areas in depth and on a concentrated basis. Additional funds for this purpose are being requested for fiscal year 1968. In 1967, a contract is being negotiated for a national survey of the characteristics of the Aid to Families with Dependent Children caseload so that the impact of current or proposed policies or plans for the program can be evaluated from a large-scale factual base.

For fiscal year 1968, an increase in funds for in-depth evaluation purposes is requested. Plans for 1968 include:

(1) A national survey to develop a benchmark from which to evaluate medical services to the population covered by Title XIX, Medical Assistance.

(2) An evaluation of the child health programs primarily to determine the extent to which these programs are meeting their objectives.

(3) An evaluation of the work training programs to determine the best method of establishing work incentives for moving dependent persons with employment potential to self-support.

(4) An evaluation of alternative means of providing care and services for especially vulnerable population groups.

d. *Review of Organization and Management*: During the past year, the Office of the Commissioner in conjunction with the Bureau of Family Services undertook a complete review of the organization and management practices of the Bureau. This review encompassed such matters as field-headquarters relationships, more comprehensive and speedier development and issuance of policy

material, strengthened management information systems, and improved coordination of Bureau activities. Proposals to accomplish these ends are currently under review.

e. Simplification of Standards of Need: As a part of a broad program to improve the efficiency of State and local administration of the Public Assistance programs, the Office of the Commissioner gave leadership to and worked cooperatively with the States toward the development of simplified methods of establishing standards of need. In many instances, present standards are cumbersome and complex in their interpretation and frequently give rise to errors in the eligibility determination process. The simplified standards have been issued and became effective July 1, 1966.

Other Areas of Special Significance

Cuban Refugee Program: During fiscal year 1966, the Cuban Refugee Program shifted from a phasing out effort to the receipt and assistance of over 26,000 new arrivals from Cuba. Continuing emphasis was placed on the resettlement of refugees from the Dade County, Florida, area. These activities will continue at a high rate during fiscal years 1967 and 1968.

International Activities: A reflection of the United States' interest in, concern for, and responsibility toward social welfare developments in other nations was highlighted by the participation of the Welfare Administration in the International Conference on Social Work which was held in Washington, D.C., in September 1966, with almost 3,000 delegates from seventy-four countries. Continuing activities in the international field include development of position papers for presentation in international organizations, arrangement of training programs for well over 1,200 visitors and officially sponsored trainees from overseas each year, and the provision of technical assistance and consultation to developing nations in the social welfare area. These latter activities are financed through a transfer of funds from the Agency for International Development.

Juvenile Delinquency Prevention and Control: In conjunction with the Office of Juvenile Delinquency and Youth Development, attention has been given to the evaluation of accomplishments under the Juvenile Delinquency Program and to determining how what has been learned from the various projects can be most effectively implemented on a widening scale. In addition, close working relationships have been established with the National Commission on Crime and Delinquency and substantial technical assistance has been provided in the consideration of the most promising proposals for extension and expansion of programs for the prevention, treatment, and control of juvenile delinquency.

Cooperative relationships with the Vocational Rehabilitation Administration on the rehabilitation of potentially employable public assistance recipients have also been pursued and advances made.

Civil Rights Activities: Attention was given to the area of Civil Rights compliance in accordance with the provisions of Title VI of the Civil Rights Act. Particular emphasis was given to the matter of compliance by nursing homes, especially those not qualifying under the Title XVIII Medical Insurance Program. A national meeting of State Administrators was held in September concerning all aspects of Civil Rights compliance and other special efforts involving individual States were also undertaken. Staff assigned to advise the Commissioner and give overall leadership to this program are financed from special allocations from the Office of the Secretary.

BASE FOR FISCAL YEAR 1968 AND THE NEED FOR ADDITIONAL POSITIONS

The expanding and changing nature of programs of the Welfare Administration as reflected in recent legislative amendments requires strengthened program leadership and coordination. They also highlight the need for an expanded development of knowledge that will give more insight into the ways in which existing programs can better meet the problems and needs of the people for whom they are designed to serve. More knowledge is also required in order to assess modifications that might be made in these programs in order to deal with both continuing and emerging problems in the program areas of Welfare Administration responsibility.

The 1967 appropriation provided the Office of the Commissioner with some additional staff to meet its responsibilities more adequately, particularly in the area of appraisal and development of the new and expanding programs of the Welfare Administration. This base will permit the Office of the Commissioner to carry out the specified responsibilities more effectively; however, a number of areas lack sufficient support and many other areas need new emphasis in response

to the growing complexities associated with the income maintenance, medical assistance, social services, child health, and juvenile delinquency programs and associated with inter-program liaison and coordination efforts. The 1968 budget request is designed to provide the resources to meet the most urgent program administration requirements.

For fiscal year 1967, the budget for the Office of the Commissioner provides for 103 permanent positions. This total staffing provides 46 positions for secretarial and clerical activities, and 57 professional positions. The professional positions are distributed as follows:

(a) 27 professional positions are for the long-range planning, direction and coordination of welfare programs. This includes staff to advise and assist the Commissioner, Deputy Commissioner, and Assistant Commissioners and staff to provide various program coordination and leadership and administrative management activities;

(b) 28 professional positions are for appraisal, evaluation, and development of welfare programs, including research and studies necessary to develop sound administrative and legislative recommendations relating to all the programs of the Welfare Administration; and

(c) 2 professional positions are to administer the Cooperative Research and Demonstration Program.

The total request for fiscal year 1968 is \$1,888,000, an increase of \$401,700 over fiscal year 1967. This request will support 126 positions. The increase of 23 positions over fiscal year 1967 will provide for 12 additional professional and 11 additional clerical positions. Detailed justification of these increases is included in the following discussion by activity.

Activity 1—Direction and coordination of the welfare program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	53	\$625,500	71	\$795,500	+18	+\$170,000
Other expenses.....		149,500		227,500		+78,000
Total.....	53	775,000	71	1,023,000	+18	+248,000

GENERAL STATEMENT

Funds budgeted under this activity provide for the overall planning, coordination and direction of Welfare Administration programs. This includes: (1) reviewing significant policy questions relating to compliance of State plans and operations with Federal regulations; (2) directing the increasing volume of inter-program activities; (3) conducting liaison relationships with other Federal and non-Federal agencies; including State agencies; (4) developing and reviewing policies and procedures relating to significant program and management areas, with special emphasis on program and management improvement; and (5) providing administrative management advice to the Commissioner and to the Bureaus.

STAFFING

Fifty-three positions, 27 professional and 26 clerical, are budgeted for this activity for fiscal year 1967. Eighteen additional positions are requested for fiscal year 1968 to provide Office of the Commissioner staffing in the regions.

The programs administered by the Welfare Administration are primarily Federal-State in nature with the States receiving Federal grant-in-aid funds of about \$4,000,000,000 in fiscal year 1966. The grant-in-aid programs include those for Old-Age Assistance, Medical Assistance for the Aged, Medical Assistance under title XIX of the Social Security Act, Aid to the Blind, Aid to Families with Dependent Children, Aid to the Permanently and Totally Disabled, Maternal and Child Health, Crippled Children and Child Welfare Services, as well as project grants for Maternity and Infant Care and Comprehensive Health Care for School and Pre-School Children.

To facilitate the administration of these programs, a regional representative and supporting staff is assigned to each of the Department's nine regional offices for each of the following program areas: Family Services, Child Welfare,

and Maternal and Child Health. These regional staffs are established to provide consultation and services to State and local agencies and organizations in their program areas, and to the maximum extent consistent with effective management, to provide decentralized program administration. About 400 positions representing Welfare Administration bureaus and offices are located in the regional offices in fiscal year 1967. Each regional representative reports to his respective Bureau in Washington. There is, however, no representative of the Commissioner located in the regional offices to give leadership to the total welfare programs. A representative in each region is needed to assure that closely related program activities are appropriately coordinated, to provide consolidated liaison with the Regional Director and other regional units, and to carry out specific over-all program goals and objectives.

Programs and activities of the Welfare Administration are becoming increasingly inter-related and dependent upon coordination. For example, the Bureau of Family Services is concerned on a day-to-day basis with problems associated with children through Aid to Families with Dependent Children program. The Children's Bureau also administers programs designed to provide services directed toward the improvement of the well-being of children. Both the Children's Bureau and the Bureau of Family Services have programs such as foster care, homemaker services, and family planning. A substantial part of the programs of both of these Bureaus have medical aspects. The Welfare Administration has the responsibility for developing medical care guides and standards for State public assistance programs. Nursing homes and institutions for the aged and other persons who require such care are also of particular concern to several of the programs of the Welfare Administration.

This community of interests makes it essential that the program policies and operations of each of the component offices give full recognition to the responsibilities of other programs within the Welfare Administration if total resources are to be used effectively. As new programs have emerged, particularly in the field of juvenile delinquency, community action and work experience, and in the research and demonstration area, the need for coordination of Welfare Administration activities at the regional level has become more pressing, and the State Public Welfare and Public Health Administrators need to have a focal point in the regional offices with which to deal.

A focal point is also required to provide overall liaison with other agencies of the Department and with other Federal and community organizations concerned with problems of mutual concern. Relationships under the Title XIX Medical Assistance Program and the child health program involve the Public Health Service and the Social Security Administration. Relationships under the Title V Work Experience program involve the Department of Labor. Model Demonstration City programs and Neighborhood Center concepts involve both the Office of Economic Opportunity and the Department of Housing and Urban Development. It is essential that one point of contact who can speak broadly for the Welfare Administration be made available to provide liaison with these agencies and with community counterpart agencies to assure the fullest possible coordination of efforts to combat dependency and to fulfill the provision of health services.

Providing this leadership and coordination is a role which must be assumed by the Commissioner. However, to carry out this responsibility without a representative of the Commissioner's office being located in the regions has been very difficult to achieve and is becoming increasingly more difficult. Thus, the establishment of regional positions representing the Commissioner's office is a matter of extremely high priority. For this purpose, nine regional coordinators (GS-15) and nine clerical positions (GS-7) are requested.

FUNDS

The \$1,023,000 requested for fiscal year 1968 is an increase of \$248,000 over the \$775,000 level of fiscal year 1967. Major items of increase are \$52,000 to annualize 1967 authorized positions, including increased pay costs effective in 1967 and \$193,000 to provide 18 new positions (9 professional and 9 clerical) for about one-half of the year in 1968. Other requirements include: (1) \$5,000 to provide additional printing funds to disseminate items of special interest in the welfare area which cut across program lines; (2) \$5,000 for developing and updating Welfare Administration information exhibits for which no funds are now available; and (3) \$10,000 for machine processing of data required for program management, planning, and evaluation purposes. These increases are offset by a decrease of \$17,000 for non-recurring items of equipment, rental of space, and one less paid day in 1968.

Activity 2—Appraisal and development of the welfare program

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	46	\$444, 500	51	\$550, 500	+5	+\$106, 000
Other expenses.....		190, 800		237, 500		+46, 700
Total.....	46	635, 300	51	788, 000	+5	+152, 700

GENERAL STATEMENT

The Office of the Commissioner, in conjunction with the bureaus and offices of the Welfare Administration has responsibility for continuous review of its various social welfare and medical assistance programs as to the effectiveness of present methods, to test new or experimental programs, and to work out ways to disseminate and implement what is learned. It is also responsible for studying methods of improving the welfare programs throughout the country with special emphasis on preventive and rehabilitative services. Toward this end, research and evaluation activities are organized for studying the causes, prevention and reduction of dependency; for developing guidelines and standards for medical care services; for studying conditions contributing to improved life for children; for studying the welfare needs of children and other groups; for conducting cost benefit and social indicator studies; for conducting studies and developing recommendations as to more effective methods of providing social and economic security; for developing more effective evaluative techniques; and for improving public welfare administration at all levels.

The research functions, budgeted under this activity, include the planning, technical evaluation and coordination of the total research and statistical functions of the Welfare Administration. In addition, liaison with research staff in other parts of the Department, other governmental agencies and with social scientists in universities and other research centers is carried out. Centralized review, for control and coordination, of all statistical reporting forms under the Welfare Administration is handled as part of these activities.

Furthermore, staff budgeted under this activity is responsible for intra-mural research which cuts across more than one program and for handling broad administrative research issues and research problems which are not within the scope of the individual bureaus or units of the Welfare Administration. This includes the conduct of a comprehensive series of studies on prevention and reduction of dependency, various administrative studies, compilation of welfare and economic data for legislative and general reference use, and special studies on program development and effectiveness. It also includes research in the social welfare manpower area to help solve the problems created by a shortage of trained social welfare personnel.

Long range research activities are directed toward provision of basic information on causes of dependency, e.g., pathways in and out of economic dependency, potentials for change in client behavior, and values and attitudes of individuals and families in high risk population groups. Also included are necessary research in needed methodology, evaluative techniques and basic theoretical problems essential to the total research program.

STAFFING

Forty-six positions are budgeted for this activity for fiscal year 1967. This provides a staff of 28 professional positions and 18 clerical. For fiscal year 1968, an increase of 3 professional and 2 clerical positions is requested to work in the following areas:

a. Program research evaluation of program operations (2 positions)

To supplement the efforts aimed at evaluation of ongoing program activities, additional resources are needed on the intramural research staff. Increasing attention is not only being given to cost-benefit analyses but also more frequent calls are being made for participation on inter-agency task forces and other analytical groups which are reviewing broad social welfare problems. Most

of these studies require intensive efforts over a considerable period of time. To assist in these efforts an additional professional staff member (GS-13) with a secretarial position (GS-5) is requested.

b. Administration of the directed research program

The directed research program of the Welfare Administration was initiated in fiscal year 1967 with funds from the Cooperative Research or Demonstration appropriation for a contract to perform a nation-wide study of recipients of the Aid to Families with Dependent Children program, including those families who are no longer receiving assistance and those families who have applied for but did not receive assistance. For fiscal year 1968, funds are requested in the Cooperative Research or Demonstration appropriation to expand efforts to evaluate specific program areas on a concentrated basis. For this purpose, contract funds are requested to (1) make a national survey to develop a benchmark from which to evaluate medical services to the population covered by Title XIX, Medical Assistance; (2) to evaluate the child health programs; (3) to evaluate work training programs as a method of moving dependent persons to self-support; and to evaluate alternative means of providing care and services for highly vulnerable population groups.

In a directed research program, staff is required to work with the research community to stimulate greater interest in performing the directed research; to design and set up pilot studies where these are necessary or desirable because no ready-made precedents exist for the type of research contemplated; to negotiate and oversee the implementation of contracts for the research; to review progress of the research; to analyze and write reports; to review completed studies to determine their policy and program implications and to convert research findings into position papers or recommended policy statements. All of this work requires considerable staff time. As the program gets underway, studies will be at various stages of development—some in the planning stage, some underway, and some completed and requiring further work so that findings will be completed and implications reviewed, evaluated and disseminated; the medical benchline study and other evaluation contracts will be underway and exploratory cost-benefit studies in a variety of areas will be undertaken. Two additional professional positions (GS-15 and GS-14) and one secretarial position (GS-7) are requested in order to carry out this extensive work.

FUNDS

The \$788,000 requested for fiscal year 1968 is an increase of \$152,700 over the \$635,300 level for fiscal year 1967. Items of increase include: (1) \$78,700 to annualize 1967 authorized positions including increased pay costs effective in 1967; (2) \$55,000 to provide for 5 new positions for about one-half of the year in 1968; and (3) \$5,000 for increased printing costs of the Welfare Administration monthly periodical, *Welfare In Review*, and for reports of research findings. An increase of \$20,000 is also requested to provide additional funds for the purchase of special statistical materials such as tabulations. These increases are offset by \$6,000 for non-recurring items of equipment, rental of space, and one less paid day in 1968.

Activity 3—Administration of cooperative research program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	4	\$54,000	4	\$55,000	-----	+\$1,000
Other expenses	-----	22,000	-----	22,000	-----	-----
Total	4	76,000	4	77,000	-----	+1,000

GENERAL STATEMENT

Funds requested for this activity are to administer projects authorized by Title XI of the Social Security Act. This title of the Act authorized grants to States, to public and other non-profit organizations, and the making of contracts or jointly financed cooperative arrangements for the conduct of research or demonstration projects. Project funds (\$4,170,000) are requested under a separate appropriation titled "Cooperative Research or Demonstration Projects".

STAFFING

Four positions are budgeted for this activity for fiscal year 1967 and 1968 (2 professional and 2 clerical). In administering this program, staff evaluates new research and demonstration projects submitted; selects outside experts who assist in the evaluation of projects; makes awards on new projects, evaluates progress of projects awarded in previous years to determine if results warrant their continuation; analyzes results of completed projects and develops reports on them; and services the Advisory Panel and specialists who are required to evaluate proposed projects. In addition, the professional staff must keep informed about research that has been or is being conducted, know and consult with the research resources available for conducting research, and know and utilize the research and social scientific personnel available for continuing critical review of applications.

FUNDS

An increase of \$1,000 is requested in fiscal year 1968 to annualize the pay act costs effective in fiscal year 1967.

New positions requested, fiscal year 1968

	Grade	Annual salary
Direction and coordination of the welfare program:		
(9) Regional coordinator	GS-15	\$157,950
(9) Secretary	GS-7	58,059
Total, activity 1 (18)		216,009
Appraisal and development of the welfare program:		
Research specialist	GS-15	17,550
Do	GS-14	15,106
Do	GS-13	12,873
Secretary	GS-7	6,451
Do	GS-5	5,331
Total, activity 2 (5)		57,311
Total, all activities (23)		273,320

RESPONSIBILITIES AND PROGRAMS

Senator HILL. The next item which I am sure you do not consider very important but we will be glad to have you address yourself to it, "Salaries and expenses."

Mr. MEYERS. "Salaries and expenses, Office of the Commissioner."

The Office of the Commissioner of Welfare is responsible for the Federal policy, leadership, direction, and coordination of the programs authorized by the Social Security Act dealing with the provision of financial and medical assistance; with social services, including child welfare services; and with maternal and child health activities. In addition, the Welfare Administration has been delegated responsibilities

for providing assistance to Cuban refugees in the United States and for the administration of work experience projects conducted under title V of the Economic Opportunity Act.

RESEARCH, TRAINING, AND DEMONSTRATION PROGRAMS

Supplementing the ongoing operations under these programs are a variety of research, training, and demonstration programs in the fields of maternal and child health and crippled children's services, child welfare services, public assistance, and broad studies related to the reduction and prevention of dependency. Two of these programs are directly administered through the Office of the Commissioner. They are the cooperative research or demonstration program and the international research and training program financed through surplus foreign currencies.

MANAGEMENT

Overall management leadership and assistance is also provided through this office.

COORDINATION AND LIAISON ACTIVITIES

Developments in recent years have materially increased the workloads of this office and have emphasized the need for strengthened and improved coordination and liaison activities which primarily need to be carried out at the Commissioner's level. In addition to the increased responsibilities and new programs established by a series of legislative enactments of the last 4 or 5 years, there has been increasing attention, both within the Welfare Administration, in the Department, and in the Federal Government generally, on the establishment of closer working relationships among programs which share an interest in the same broad social welfare objectives.

A example of these closer working relationships within the Welfare Administration is illustrated by the necessity, posed by the enactment of the medical assistance program, of working out a series of coordinated policies which would establish appropriate working relationships between the title XIX medical assistance program and the crippled children's program of the Children's Bureau.

Outside the Welfare Administration, a whole pattern of new relationships is being established, and old relationships are being strengthened with a number of agencies with interests and objectives similar to ours. Closer liaison relationships are being established with such agencies as the Department of Housing and Urban Development, the Office of Economic Opportunity, and the Department of Labor. In addition, strengthened and more intensive consultation is being required with those agencies with which we normally have worked cooperatively such as the Public Health Service, the Social Security Administration, and other HEW agencies.

REQUEST FOR ADDITIONAL PERSONNEL

For the most part, the Office of the Commissioner has been able to fully participate in these relationships at the headquarters level, but it has become apparent that it is more difficult for us to carry out our full share of coordination and program liaison relationships in the field since there is no focal point there which can speak with the overall voice of the Commissioner on a continuing basis. To date, we have attempted to have these responsibilities handled by designating one of the program staff representatives of either the Bureau of Family Services or the Children's Bureau as the principal Welfare Administration representative. This arrangement, however, has become increasingly awkward as the responsibilities and workloads have increased, since these individuals must also carry out the on-going responsibilities associated with the field activities of their own bureau. Consequently, the 1968 budget requests an increase of 18 positions and \$193,000 to be utilized to establish the position of Commissioner's representative in each of the nine HEW regional offices and to provide clerical support for these positions.

It is apparent to us that there needs to be one point of contact who can speak broadly and authoritatively on behalf of the Commissioner of Welfare in the regional office where many decisions concerning implementation of the programs are carried out on a day-to-day basis, and where many other Federal agencies and State and local agencies come to seek information and advice on the ways they can best complement and utilize the program resources which we administer. In this way, we believe that the entire regional staff, numbering about 400 positions, can operate more effectively since there can be a responsible individual on the spot who can assure the weaving together and coordination of program policies and operations in a manner which will give full recognition of the responsibilities and resources which each has and which are available in other areas.

RESEARCH AND EVALUATION

Another area in which the 1968 budget seeks additional support is in the field of program research and evaluation. The very fact that the programs for which we are responsible are rapidly shifting in terms of the populations to be served, the increasing emphasis on services, and the increasing magnitude of the resources made available to us each year makes it particularly important that we intensify our program evaluation efforts and expand our activities devoted to increasing knowledge about some of the basic social problems associated with dependency and the means of preventing or alleviating those problems.

REQUEST FOR ADDITIONAL PERSONNEL

In order to strengthen our capacity to do program evaluations, we are requesting an increase of five positions in the 1968 budget. Three of these positions would provide additional resources for the administration of the expanded directed research program which has already been discussed. They would provide additional resources for project design, negotiation, monitoring, and followup. The remaining two positions would allow a small increase in personnel to carry on such studies as cost-benefit analyses.

BUDGET AND PERSONNEL REQUEST

In total, the budget request for 1968 asks for an appropriation of \$1,888,000 and 126 positions, an increase of 23 positions and approximately \$400,000 over the 1967 level.

Thank you very much, Mr. Chairman.

COMMENDATION ON FORMER COMMISSIONER WINSTON

Senator HILL. Thank you, sir.

Again I want to express regret that Mrs. Winston has left us. I am sure you are going to do a good job.

Mr. MEYERS. I certainly am going to try. All of us will miss her. She made a tremendous contribution to the program.

Senator HILL. She did, indeed, didn't she. She did a fine job. I am sure you are going to do a good job. We certainly appreciate your statement this morning.

Mr. MEYERS. Thank you, sir. I am going to remain while the two bureaus make their presentations.

GRANTS TO STATES FOR PUBLIC ASSISTANCE

STATEMENT OF FRED H. STEININGER, DIRECTOR, ACCOMPANIED BY JOHN J. HURLEY, DEPUTY DIRECTOR; MRS. DOROTHY B. WEST, CHIEF, OPERATIONS RESEARCH BRANCH, DIVISION OF RESEARCH; AND CHARLES S. WHITE, CHIEF, DIVISION OF ADMINISTRATION, BUREAU OF FAMILY SERVICES; AND JOSEPH H. MEYERS, ACTING COMMISSIONER OF WELFARE; ELMER W. SMITH, EXECUTIVE OFFICER, WELFARE ADMINISTRATION; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

"WELFARE ADMINISTRATION

"GRANTS TO STATES FOR PUBLIC ASSISTANCE

"For grants to States for old-age assistance, medical assistance, aid to families with dependent children, aid to the blind, and aid to the permanently and totally disabled, as authorized in titles, I, IV, X, XIV, XVI, and XIX of the Social Security Act, as amended (42 U.S.C., ch. 7, subchs. I, IV, X, XIV, XVI, and XIX), **[\$3,700,000,000]** \$4,240,000,000, of which such amount as may be necessary shall be available for grants for any period in the prior fiscal year subsequent to March 31, of that year."

Amounts available for obligation

	1967	1968
Appropriation.....	\$3,700,000,000	\$4,240,000,000
Proposed for separate transmittal: Program supplemental.....	470,000,000	-----
Available from subsequent year appropriation.....	1,000,000,000	1,000,000,000
Available in prior year.....	-885,477,760	-1,000,000,000
Total obligations.....	4,284,522,240	4,240,000,000
Financing:		
Available from subsequent year appropriation.....	-1,000,000,000	-1,000,000,000
Available in prior year.....	885,477,760	1,000,000,000
New obligational authority.....	4,170,000,000	4,240,000,000

878 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Grants to States for public assistance, obligations by activity and by object, 1967 and 1968

Activity	1967 estimate	Budget estimate, 1968 ¹	Change
Payments to recipients:			
Old-age assistance.....	\$1,108,600,000	\$1,101,900,000	-\$6,700,000
Aid to the blind.....	47,100,000	46,600,000	-500,000
Aid to the permanently and totally disabled.....	339,800,000	370,600,000	+30,800,000
Aid to families with dependent children.....	1,161,100,000	1,229,100,000	+68,000,000
Total.....	2,656,600,000	2,748,200,000	+91,600,000
Payments to medical vendors:			
Medical assistance.....	927,900,000	1,280,800,000	+352,900,000
Medical assistance for the aged.....	53,400,000	6,800,000	-46,600,000
Other programs.....	151,800,000	48,600,000	-103,200,000
Total.....	1,133,100,000	1,336,200,000	+203,100,000
Total payments.....	3,789,700,000	4,084,400,000	+294,700,000
Cost of administration, services, and training:			
Old-age assistance.....	93,300,000	98,600,000	+5,300,000
Aid to the blind.....	5,900,000	6,100,000	+200,000
Aid to the permanently and totally disabled.....	41,600,000	46,000,000	+4,400,000
Aid to families with dependent children.....	214,600,000	233,300,000	+18,700,000
Medical assistance.....	41,800,000	54,500,000	+12,700,000
Medical assistance for the aged.....	4,100,000	500,000	-3,600,000
Total.....	401,300,000	439,000,000	+37,700,000
Total payments and administration, services and training.....	4,191,000,000	4,523,400,000	+332,400,000
Demonstration projects.....	2,000,000	2,000,000	-----
Total for all activities.....	4,193,000,000	4,525,400,000	+332,400,000
Collections and adjustments during year.....	-23,000,000	-25,400,000	-2,400,000
Total obligations against appropriation.....	4,170,000,000	4,500,000,000	+330,000,000
New obligational authority, enacted or requested.....	4,170,000,000	4,240,000,000	+70,000,000

¹ Forecast of projected 1968 needs based on data available as of March 1967.

Summary of changes

1967 appropriation.....	\$3,700,000,000
1967 forecast of supplemental appropriation.....	470,000,000
Add: Collections and adjustments for prior years to be expended by States.....	23,000,000
Total requirements for 1967.....	4,193,000,000
1968 forecast.....	4,500,000,000
Add: Collections and adjustments for prior years to be expended by States.....	25,400,000
Total forecast for 1968.....	4,525,400,000
Total change as forecasted.....	+332,400,000
1968 appropriation request.....	4,240,000,000

	1967	Forecasted changes from 1967
Increases, program:		
1. For payments to recipients:		
Aid to the permanently and totally disabled.....	\$339,800,000	+\$30,800,000
Aid to families with dependent children.....	1,161,100,000	+68,000,000
2. For payments to medical vendors: Medical assistance (title XIX).....	927,900,000	+352,900,000
3. For the cost of administration, services and training:		
Old-age assistance.....	93,300,000	+5,300,000
Aid to the blind.....	5,900,000	+200,000
Aid to the permanently and totally disabled.....	41,600,000	+4,400,000
Aid to families with dependent children.....	214,600,000	+18,700,000
Medical assistance (title XIX).....	41,800,000	+12,700,000
Total, all increases.....		-- +493,000,000
Decreases, program:		
1. For payments to recipients:		
Old-age assistance.....	1,108,600,000	-6,700,000
Aid to the blind.....	47,100,000	-500,000
2. For payments to medical vendors:		
Medical assistance for the aged (title I).....	53,400,000	-46,600,000
Other programs ¹	151,800,000	-103,200,000
3. For the cost of administration, services, and training: Medical assistance for the aged (title I).....	4,100,000	-3,600,000
Total, all decreases.....		-160,600,000
Total changes in forecast.....		+332,400,000

¹ Under titles I (old-age assistance), IV (aid to families with dependent children), X (aid to the blind), XIV (aid to the permanently and totally disabled), and XVI (combined adult categories).

EXPLANATION OF CHANGES

Based on recent program trends and information received from the States, the Federal share of State expenditures for public assistance during 1968 is currently forecast at \$4,500,000,000. This forecast represents an increase of \$332,400,000 (including an amount of \$2,400,000 representing an increase in the Federal share of collections and adjustments estimated to occur in 1968) over the 1967 estimate of requirements for these programs. The Administration, however, is not recommending any change in the requested appropriation of \$4,240,000 for 1968, which represents an increase of \$70,000,000 over the 1967 appropriation plus the supplemental request for that year because (1) experience during fiscal year 1967 indicates the difficulty of making precise forecasts of the extent to which States will be entitled to Federal funds, particularly those associated with the implementation of the 1965 Social Security Act amendments, and (2) there are pending before the Congress extensive proposed amendments to the public assistance and social security titles of the Social Security Act. These amendments, which are embodied in H.R. 5710 now pending in Congress, would, if enacted, result in a significant offset to costs which we have forecast on the basis of existing legislation. Depending upon the action which Congress takes, these amendments could result in approximately \$200,000,000 in savings below what would otherwise be expended.

The forecasted net increase of \$332,400,000 is a composite of increases for some programs amounting to \$493,000,000 and decreases for other programs amounting to over \$160,600,000. The largest changes, both increases and decreases, occurred in programs under the activity of payments to medical vendors as States implemented programs under the new title XIX.

EXPLANATION OF INCREASES

Payments to medical vendors under the new title XIX are expected to increase by \$352,900,000 or 38 percent from 1967 to 1968. The increase is for the purpose of financing title XIX programs in 18 States not having such programs in 1967 as well as expansion of programs in the 30 States operating programs before July 1, 1967. It should be noted that the net increase in payments to medical vendors is expected to total only \$203,100,000, however, because of the decrease in payments for this activity under other programs.

Two programs, aid to families with dependent children and aid to the permanently and totally disabled, are expected to require more funds in 1968 than in 1967 for the activity, payment to recipients. The number of recipients as well as the average payment per recipient are both expected to increase in 1968 in continuation of recent trends.

Increases of a smaller magnitude are expected in 1968 in State and local costs of administration, services, and training. Part of the increase is attributable to the expanded operations under the new medical assistance programs; part to larger numbers of recipients; part to expansion of the social services aspects of the programs; and part to generally increased price levels.

EXPLANATION OF DECREASES

Decreases in expenditures in payments to recipients of old-age assistance and aid to the blind are the result of reduced number of recipients under both programs. The decreases in payments to medical vendors under the program of medical assistance for the aged and under the public assistance titles (other than title XIX) are the result of States discontinuing the provision of medical care under these titles and initiating medical assistance programs under title XIX.

Public assistance—Amount of Federal funds estimated for grants to States, distributed by State, fiscal year 1968 ¹

States and territories	Old-age assistance ²	Aid to the blind ²	Aid to the permanently and totally disabled ²	Aid to families with dependent children ²	Medical assistance ³	Medical assistance for the aged ⁴	Total
Alabama	\$69,530,000	\$1,192,000	\$8,338,000	\$10,737,000			\$89,797,000
Alaska ⁵	977,000	76,000	230,000	1,689,000			2,955,000
Arizona	7,207,000	509,000	3,140,000	12,751,000			23,607,000
Arkansas ⁵	36,800,000	1,213,000	7,550,000	6,627,000			52,252,000
California	167,041,000	9,655,000	73,208,000	230,700,000	\$279,177,000		761,781,000
Colorado	24,511,000	137,000	5,005,000	16,757,000			46,410,000
Connecticut	2,703,000	106,000	4,657,000	17,781,000	14,076,000		39,383,000
Delaware	1,919,000	216,000	419,000	3,316,000	782,000		6,246,000
District of Columbia	1,521,000	122,000	2,728,000	8,365,000			12,736,000
Florida ⁵	47,308,000	1,666,000	14,976,000	25,294,000			89,294,000
Georgia ⁵	49,203,000	1,730,000	18,895,000	22,934,000			92,762,000
Hawaii	60,000	1,000	16,000	97,000	4,000		9,178,000
Idaho	936,000	49,000	943,000	4,398,000	2,843,000		9,769,000
Illinois ⁵	1,715,000	67,000	1,673,000	4,044,000	4,178,000		11,677,000
Indiana	23,050,000	1,144,000	19,383,000	82,468,000	63,573,000		191,610,000
Iowa	13,381,000	1,080,000	1,729,000	15,921,000			32,111,000
Kansas ⁵	17,313,000	636,000	1,288,000	14,724,000			33,961,000
Kentucky ⁵	13,566,000	333,000	4,659,000	12,272,000			30,830,000
Louisiana	29,953,000	1,305,000	8,000,000	25,007,000	24,650,000		88,221,000
Maine ⁵	74,296,000	1,778,000	13,235,000	30,590,000	37,968,000		157,857,000
Maryland ⁵	5,126,000	126,000	1,392,000	6,170,000	4,652,000		17,466,000
Massachusetts	4,000,000	176,000	4,778,000	29,286,000	21,833,000		60,673,000
Michigan	31,499,000	1,400,000	11,499,000	36,808,000	68,794,000		150,000,000
Minnesota	24,000,000	881,000	11,272,000	50,397,000	47,726,000		134,276,000
Mississippi	14,019,000	563,000	4,305,000	17,565,000	37,835,000		74,287,000
Missouri	27,140,000	1,057,000	11,133,000	8,847,000			48,177,000
Montana	57,063,000	2,057,000	12,126,000	31,435,000			103,281,000
Nebraska ⁵	2,555,000	153,000	1,185,000	2,963,000			6,856,000
Nevada	4,855,000	250,000	1,831,000	5,603,000	8,835,000		21,374,000
New Hampshire	1,626,000	109,000		1,843,000			3,578,000
New Jersey	2,773,000	149,000	524,000	1,644,000			5,090,000
New Mexico ⁵	8,249,000	571,000	7,463,000	39,613,000			55,896,000
New York ⁵	7,066,000	259,000	3,804,000	11,430,000	5,441,000		28,000,000
North Carolina	40,871,000	2,371,000	35,939,000	201,211,000	211,144,000		491,536,000
	23,418,000	3,153,000	19,079,000	31,527,000			77,177,000

See footnotes at end of table, p. 882.

Public assistance—Amount of Federal funds estimated for grants to States, distributed by State, fiscal year 1968¹—Continued

States and territories	Old-age assistance ²	Aid to the blind ²	Aid to the permanently and totally disabled ²	Aid to families with dependent children ²	Medical assistance ³	Medical assistance for the aged ⁴	Total
North Dakota ⁵	\$2,741,000	\$44,000	\$1,111,000	\$3,698,000	\$5,493,000	-----	\$13,093,000
Ohio	39,979,000	2,076,000	15,235,000	56,096,000	19,748,000	-----	133,134,000
Oklahoma ⁵	50,812,000	1,048,000	12,796,000	26,903,000	41,723,000	-----	133,282,000
Oregon	7,727,000	345,000	5,873,000	12,523,000	12,523,000	-----	26,468,000
Pennsylvania	23,871,000	5,892,000	14,883,000	70,879,000	70,130,000	-----	194,655,000
Puerto Rico ⁵	2,016,000	95,000	1,470,000	6,218,000	18,836,000	-----	28,885,000
Rhode Island ⁵	2,779,000	57,000	1,963,000	8,246,000	11,401,000	-----	24,446,000
South Carolina	11,732,000	1,076,000	5,339,000	5,159,000	-----	-----	23,906,000
South Dakota	4,453,000	72,000	1,016,000	4,221,000	4,413,000	-----	14,175,000
Tennessee	27,714,000	1,145,000	11,027,000	24,508,000	-----	-----	64,394,000
Texas	139,635,000	2,626,000	8,290,000	29,276,000	-----	-----	179,827,000
Utah	1,971,000	90,000	2,444,000	8,342,000	5,207,000	-----	18,054,000
Vermont ⁵	2,309,000	58,000	779,000	1,773,000	3,433,000	-----	8,355,000
Virgin Islands	124,000	3,000	14,000	184,000	505,000	-----	830,000
Virginia	8,538,000	772,000	5,895,000	14,622,000	-----	-----	29,827,000
Washington	13,744,000	335,000	7,086,000	17,742,000	13,494,000	-----	52,354,000
West Virginia	5,485,000	355,000	3,122,000	27,670,000	16,093,000	-----	52,701,000
Wisconsin	9,656,000	428,000	3,419,000	15,655,000	27,670,000	-----	56,828,000
Wyoming	1,504,000	31,000	586,000	1,431,000	-----	-----	3,602,000
Amount distributed by State	1,194,300,000	52,900,000	421,300,000	1,308,100,000	1,073,400,000	-----	4,110,000,000
Demonstration projects	-----	-----	-----	-----	120,700,000	-----	2,000,000
Amount not distributed by State	-----	-----	-----	-----	-----	\$7,300,000	128,000,000
Total	-----	-----	-----	-----	1,194,100,000	7,300,000	4,240,000,000

¹ Excludes \$23,000,000 representing the estimated Federal share of collections and adjustments for prior years that the States will have available for expenditure during the year.

² U.S. total represents estimated amount for payments to recipients and cost of State and local administration, services, and training in all States; for States not operating medical assistance programs under title XIX during all or part of the year, also includes payments to medical vendors made under this program. Distribution by State based on most recent distribution of actual expenditures reported by States. Actual amount received by each State determined by amount of expenditures from State and local revenues.

³ U.S. total represents estimated amounts for payments to medical vendors and for costs of State and local administration, services, and training. For 30 States with programs

prior to 1963, distribution by State based on States' estimates of Federal fund requirements adjusted to the total for all States shown in the President's budget. Amount estimated for States initiating programs in 1963 not distributed by State since basis for making distribution is lacking. Actual amount received by each State determined by amount of expenditures from State and local revenues.

⁴ U.S. total represents estimated amount for payments to medical vendors and costs of State and local administration, services, and training in those States not administering medical assistance programs under title XIX during all or part of the year. Total not distributed by State because no definite information on which States with programs in 1967 will operate a program under title XVI, aid to the aged, blind, or disabled or for such aid and medical assistance for the aged.

⁵ State operates a program under title XVI, aid to the aged, blind, or disabled or for such aid and medical assistance for the aged.

1967 APPROPRIATION AND 1968 BUDGET REQUEST

Senator HILL. All right, Mr. Steininger, you may proceed in your own way.

Mr. STEININGER. I have three statements that I would like to read, Mr. Chairman.

Senator HILL. All right.

Mr. STEININGER. Mr. Chairman and members of the committee, the budget request for fiscal year 1968 for "Grants to States for public assistance" is \$4.240 billion. This appropriation request is \$70 million more than the estimate for 1967, including the pending supplemental request of \$470 million.

BASIS FOR FEDERAL SHARE

Public assistance and medical assistance programs are administered by States or by localities under State supervision. Financing to support these programs is derived from State and local funds with financial participation by the Federal Government according to the various formulas stated in the Federal law.

Within the broad framework of conditions for eligibility that are set forth in the Federal law, States may, at their own discretion, establish more specific requirements concerning eligibility as well as the amounts of assistance and types of services which are to be provided.

On the basis of these specific requirements established by the various States, the only limit on expenditures to be made is the amount available from State funds. Within the overall limits of the formulas in the law, the level of State expenditures establishes the level of Federal financial participation which is mandatory and which is not subject to administrative discretion.

Senator HILL. You don't have any discretion in the matter; you have to meet the formulas as written in the law by the Congress?

Mr. STEININGER. Whatever the States spend, we must match.

REVIEW OF STATE REQUIREMENTS AND ESTIMATED 1967 EXPENDITURES

A recent survey of State requirements for the entire fiscal year 1967 has indicated that a supplemental appropriation of \$470 million will be required to meet the needs of the States. This supplemental request is \$188 million more than the amount of \$282 million originally forecast in the President's budget.

The additional requirements are primarily accounted for by a larger than anticipated increase in the number of recipients under the aid-to-families-with-dependent-children program and a higher average payment than forecast under that program and by additional funds required to match State expenditures under the various vendor medical payment programs. This survey resulted in the submission to the Congress of the \$470 million supplemental which increased total estimated requirements in 1967 from \$3.982 to \$4.170 billion.

Senator HILL. Have you appeared before the House committee on the supplemental yet?

Mr. STEININGER. Yes; we did last week.

CURRENT FORECAST FOR 1968

Taking into account the revised 1967 total estimated requirements as well as other trend data available to us, our current best judgment

of the Federal share of expenditures to be made under the public assistance programs in fiscal year 1968 is \$4.5 billion. Of this amount, \$2.7 billion, or approximately 60 percent, is for money payments to recipients, and \$1.3 billion, or 30 percent, is for vendor medical payments. The remaining 10 percent is primarily for the costs of services, training, and administration.

MONEY PAYMENTS TO RECIPIENTS

The largest single item in the forecast is the \$2.7 billion identified with payments to recipients to help them meet basic needs for food, clothing and shelter and such special needs as the State may recognize under its assistance standards. The forecasted increase for this item in 1968 is \$91.6 million. Average monthly payments per recipient are expected to rise under all programs as States attempt to meet rising living costs and to raise the level of living of assistance recipients.

Senator HILL. That rise in living costs accounts for a good part of it; does it not?

Mr. STEINGER. Yes; it does, Mr. Chairman.

The numbers of recipients of old-age assistance and aid to the blind are projected to decrease but the number who will receive aid to the permanently and totally disabled and aid to families with dependent children are expected to increase.

The decrease projected for old-age assistance takes into account the recently enacted amendment authorizing small benefits under OASDI to certain individuals 72 or more years old who could not otherwise qualify for such benefits.

The estimated increase in the number to receive aid to families with dependent children is attributable to growth in the child population; an increased number of broken families; the effect of the war on poverty, which has focused attention on the vast amount of unmet need that continues to exist; and increasing urbanization, which brings to the cities people ill equipped with the education and skills required to compete in the urban labor market.

The net effect of higher average payments and the projected number of recipients is a decrease in aggregate expenditures for old-age assistance of \$7 million and for aid to the blind of \$500,000. The increase for aid to the permanently and totally disabled is \$31 million and for aid to families with dependent children, \$68 million.

PAYMENTS TO MEDICAL VENDORS

I should now like to discuss the amount for payments to medical vendors.

The fiscal year 1968, like the 2 preceding years, will be a year of transition from old to new legislation under which payments for medical care of the needy are financed. During the fiscal year 1968, 18 additional States are expected to establish the medical assistance programs authorized under title XIX of the 1965 Amendments to the Social Security Act. This will bring to 48 the total number of States and other jurisdictions with such programs, compared with 30 in 1967 and nine in 1966.

Senator HILL. Quite a step up from nine.

Mr. STEINGER. Yes; it is. And one of the observations we made, Mr. Chairman, is that we have made more progress in the acceptance

of title XIX by the States in 1 year than was accomplished under the Kerr-Mills legislation in 2 years.

Grants to States under title XIX will comprise more than 95 percent of Federal expenditures for payments to medical vendors in 1968. The remaining 5 percent will go to the six States that will continue payments to medical vendors under the program of medical assistance for the aged and under the other public assistance programs.

Expenditures from Federal funds for payments to medical vendors are forecast to increase by \$203 million in 1968, bringing the total for that year to \$1,336 million. The States are expected to need most of the additional amount for 1968 to purchase medical care for more people and to expand the types of medical services provided. Upward of \$70 million of the increase, however, is forecast as needed to cover the anticipated rise in the cost per unit of medical care. Medical care prices are currently increasing at a rate of about 7 percent per year.

COSTS OF ADMINISTRATION, SERVICES, AND TRAINING

Total costs of services, administration, and training in 1968 are estimated to increase by about \$60 million, or 9 percent, from 1967; \$38 million of this increase will come from Federal funds.

The increase in costs is attributable primarily to (1) staff increases to handle a larger number of recipients including those who are to receive medical assistance under title XIX and to provide social services directed toward self-care, self-support, and strengthened family life; and (2) salary increases given to keep pace with rising costs and to compete successfully with other professions and agencies for staff.

RELATIONSHIP OF CURRENT FORECAST TO REQUESTED APPROPRIATIONS

Although the current forecast of the Federal share of State expenditures for public assistance and medical assistance programs is \$4.5 billion in fiscal year 1968, the administration is not recommending any change in the requested appropriation of \$4,240,000,000.

Experience during fiscal year 1967 indicates the difficulty of making precise forecasts of the extent to which States will be entitled to Federal funds, particularly those associated with the implementation of the 1965 Social Security Amendments.

Furthermore, there are pending before the Congress extensive proposed amendments to the public assistance and social security titles of the Social Security Act. These amendments, which are found in H.R. 5710, would, if enacted, result in a significant offset to costs which we have forecast on the basis of existing legislation.

Senator HILL. Is that an administration bill, H.R. 5710?

Mr. STEININGER. Yes; it is.

Depending upon the action which Congress takes, these amendments could result in approximately \$200 million in savings below what would otherwise be expended.

Therefore, because of the difficulty of making precise estimates for 1968 at this time and because of the possible savings resulting from the far-reaching proposals of the administration in the fields of public welfare and social security, we are not proposing at this time any change in the budget request now pending before the Congress.

Gentlemen, this concludes my statement. If you have questions, I shall do my best to answer them.

ASSISTANCE FOR REPATRIATED U.S. NATIONALS

STATEMENT OF FRED H. STEININGER, DIRECTOR, ACCOMPANIED BY JOHN J. HURLEY, DEPUTY DIRECTOR, AND MRS. DOROTHY B. WEST, CHIEF, OPERATIONS RESEARCH BRANCH, DIVISION OF RESEARCH, BUREAU OF FAMILY SERVICES; AND JOSEPH H. MEYERS, ACTING COMMISSIONER OF WELFARE; ELMER W. SMITH, EXECUTIVE OFFICER, WELFARE ADMINISTRATION; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

ASSISTANCE FOR REPATRIATED UNITED STATES NATIONALS

For necessary expenses of carrying out section 1113 of the Social Security Act, as amended (42 U.S.C. 1313), and of carrying out the provisions of the Act of July 5, 1960 (74 Stat. 308), and for care and treatment in accordance with the Acts of March 2, 1929, and October 29, 1941, as amended (24 U.S.C. 191a, 196a) **["\$460,000"] \$525,000**, of which **["\$40,000"] \$50,000** shall be apportioned for use pursuant to section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), only to the extent necessary to provide for requirements not anticipated in the budget estimates.

Amounts available for obligations

Appropriation:
1967----- \$460, 000
1968----- 525, 000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Mentally ill-----	\$332, 600	\$381, 900	+\$49, 300
Others (repatriates other than the mentally ill)-----	87, 400	93, 100	+5, 700
Contingency-----	40, 000	50, 000	+10, 000
Total, obligations and balance-----	460, 000	525, 000	+65, 000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Other services-----	\$332, 600	\$381, 900	+\$49, 300
Grants, subsidies, and contributions-----	87, 400	93, 100	+5, 700
Undistributed (contingency reserve)-----	40, 000	50, 000	+10, 000
Total obligations by object-----	460, 000	525, 000	+65, 000

Summary of changes

1967 enacted appropriation----- \$460, 000
1968 estimated obligations----- 525, 000
Total change----- +65, 000

Increase	Base	Changes from base
Program increase:		
1. For an increase in the number of cases and in hospital rates for mentally ill repatriates	\$332,600	\$49,300
2. For an increase in the caseload of repatriates due to destitution and illness from countries other than Cuba	78,400	5,700
3. For increasing the contingency reserve so that this fund will continue to provide approximately 10 percent more than identified program needs at time of budget preparation	40,000	10,000
Total increase (total change requested)		+65,000

EXPLANATION OF CHANGES

A continued increase in the number of cases referred by the Department of State is expected in 1968 and accounts for most of the increase. It is estimated 100 mentally ill repatriates will require hospitalization in 1968 compared with 92 estimated for 1967; it is estimated that temporary assistance will be required in 1968 for 167 cases repatriated because of sickness and destitution, compared with 150 such cases estimated for 1967. A small increase in hospital rates and financial assistance payments is also anticipated. The contingency reserve is also increased in 1968, as explained above.

JUSTIFICATION ON PROGRAM ASSISTANCE FOR REPATRIATED UNITED STATES NATIONALS

INTRODUCTION

Basic authority

This appropriation request relates to carrying out two laws, discussed below, pertaining to assisting United States citizens returned from abroad because of mental illness, other illnesses, destitution, or international crises, and who are without available resources. The program is administered by the Bureau of Family Services. The facilities of State and local public welfare agencies are utilized in the administration of the program for both the mentally ill and for other repatriates. Where appropriate arrangements may also be made to utilize the facilities of voluntary agencies.

Public Law 86-571, approved July 5, 1960.—This act authorizes the Secretary of Health, Education, and Welfare to provide for the reception and hospitalization in the United States of repatriated mentally ill United States nationals. Administration of the law involves assuming responsibility for such individuals after they are brought to a port of entry or debarkation, providing for temporary care or treatment either in hospitals of the Department of Health, Education, and Welfare, or in other appropriate public or private hospitals and agencies, depending upon the best interests of the patient; arranging for the proper authorities of the State of legal residence or domicile of the person concerned or for his family to assume responsibility for him; providing longer-term care and treatment when necessary; observing certain procedural protections to safeguard the patient's rights; and performing a number of related functions. This is permanent legislation.

Section 1113 of the Social Security Act, as Amended.—The Social Security Amendments of 1961 (Public Law 87-64, approved June 30, 1961) added to title XI of the Social Security Act section 1113 relating to assistance for U.S. citizens returned from foreign countries. The legislation authorizes the Secretary of Health, Education, and Welfare to develop plans and make arrangements for providing temporary assistance and care within the United States to United States citizens and their dependents who are identified by the Department of State as having returned, or been brought back, to this country because of destitution, illness, war, threat of war, invasion, or similar crisis and are without available resources. Under this legislation, the Federal Government may pay for reception and care when these individuals reach the United States, for helping them to reach a destination within the United States where they have friends or relatives and for temporary assistance.

Section 1113 provides continuing planning responsibility for persons repatriated because of war, threat of war, invasion, or similar crisis. The authorization to provide temporary assistance under this section, however, was limited to

June 30, 1962, in the original legislation. It was extended for two years in 1962. On June 30, 1964, Public Law 88-347 extended the authorization for three more years—to June 30, 1967. The budget estimate assumes that legislation will be enacted to continue the provision of temporary assistance under section 1113 beyond the present expiration date.

Prior to enactment of section 1113, an acute need arose to provide assistance and aid to needy U.S. citizens and their dependents who returned from Cuba early in calendar year 1961 because of the activities of the Castro government. Such assistance was financed from the President's Emergency Fund until September 30, 1961, when an appropriation was made for the section 1113 repatriation program for fiscal year 1962. In fiscal year 1962, about 900 U.S. citizens arrived in Florida from Cuba and were provided assistance, primarily in Florida, at a total cost of about \$270,000. Since 1962, there has been a marked decrease in the number of Americans returned from Cuba and in expenditures under this program on their behalf. In fiscal year 1963, a total of \$151,000 was expended for repatriates from Cuba; in fiscal year 1964, \$98,000; in fiscal year 1965, \$11,000; and in 1966, \$15,000.

In fiscal year 1967, it is expected that developments which have been underway for some time in Cuba will result in a considerable increase in the number of Americans leaving that country and in expenditures required under this program on their behalf. The State Department alerted the Department sometime ago that approximately 1,500 persons with American citizenship remained in Cuba who were seeking to be repatriated. Of these, the first group left Cuba in late December and arrived in this country (New Orleans) via Mexico, on December 28, 1966. There were a total of 89 persons who required emergency clothing, lodging, food, and transportation from New Orleans to some 12 other cities at a total cost of about \$10,000 to this program. Additional expenditures will undoubtedly be required for some of these repatriates, depending on individual needs at the place of resettlement. Sufficient information is not yet available, however, to estimate this need. Some 200 Americans are expected to be in the next release of repatriates from Cuba for which it is understood Mexican transit visas are now being processed. It cannot be determined at this time when these repatriates will depart Cuba.

The only other international situation since this program's inception that has required large expenditures under the program relates to the Dominican Republic crisis in the spring of 1965. A total of about \$30,000 was spent, providing emergency assistance to some 200 Americans who were repatriated to Puerto Rico at that time.

Appropriation request.—The appropriation request of \$525,000 for fiscal year 1968 represents an increase of \$65,000 over the \$460,000 approved by the Congress for fiscal year 1967. The program is budgeted under three activities: (1) mentally ill repatriates; (2) repatriates other than the mentally ill; and (3) a contingency reserve. The contingency fund was first authorized by Congress in 1966 because of the unpredictable nature of the program and the difficulty of making precise estimates.

PROGRAM ADMINISTRATION

Senator HILL. I believe you are going to present a statement on assistance for repatriated U.S. nationals.

Mr. STEININGER. This appropriation provides assistance to needy U.S. citizens returned from abroad after their arrival in the United States and after certification of each person as to name, citizenship, and reason for return by the Department of State.

The program is administered under two laws: one providing for the hospitalization and care of repatriated mentally ill U.S. nationals, and one providing for temporary assistance to U.S. citizens returned to this country because of destitution, illness, or international crisis and who are without available resources.

These programs are administered with the cooperation of State welfare departments who act as agents of the U.S. Government in determining residence, availability of resources, and in receiving and arranging for necessary care.

THE 1967 APPROPRIATION AND 1968 BUDGET REQUEST

The \$525,000 requested for 1968 reflects an increase of \$65,000 over the appropriation for fiscal year 1967; \$55,000 of this increase is primarily due to the increasing number of referrals from the Department of State which is expected to result in higher caseloads of both the mentally ill and other sick and destitute persons. This increase also reflects slightly higher hospital rates and assistance payments which are estimated for fiscal year 1968.

CONTINGENCY RESERVE

The remaining amount of the increase, \$10,000, is requested for increasing the contingency reserve so that this fund will continue to provide approximately 10 percent of the specifically identified program requirements in the budget. The contingency fund was first authorized by Congress in 1966 because of the unpredictable nature of the program and the difficulty in making precise estimates.

Mr. Chairman, the justification material explains these estimates in more detail. If there are questions, we shall do our best to answer them.

BUREAU OF FAMILY SERVICES, SALARIES AND EXPENSES

STATEMENT OF FRED H. STEININGER, DIRECTOR, ACCOMPANIED BY JOHN J. HURLEY, DEPUTY DIRECTOR; MRS. DOROTHY B. WEST, CHIEF, OPERATIONS RESEARCH BRANCH, DIVISION OF RESEARCH; AND CHARLES S. WHITE, CHIEF, DIVISION OF ADMINISTRATION, BUREAU OF FAMILY SERVICES; AND JOSEPH H. MEYERS, ACTING COMMISSIONER OF WELFARE; ELMER W. SMITH, EXECUTIVE OFFICER, WELFARE ADMINISTRATION; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

BUREAU OF FAMILY SERVICES, SALARIES AND EXPENSES

For expenses necessary for the Bureau of Family Services, **[\$7,890,000]**
\$8,589,000.

Amounts available for obligation

	1967	1968
Appropriation.....	\$7,890,000	\$8,589,000
Unobligated balance, reserve.....	-400,000	
Total.....	7,490,000	8,589,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Program policies and standards.....	191	\$2,358,102	205	\$2,721,927	+14	+\$363,825
Review State plans and grants, evaluate State operations.....	360	4,032,580	387	4,592,730	+27	+560,150
Research and statistics.....	63	719,015	68	814,965	+5	+95,950
Administration.....	46	380,303	49	459,378	+3	+79,075
Total obligations.....	660	7,490,000	709	8,589,000	+49	+1,099,000
Unobligated balance, reserve.....		+400,000				-400,000
Total, obligations and balance.....	660	7,890,000	709	8,589,000	+49	+699,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	660	709	+49
Full-time equivalent of all other positions.....	16	16	-----
Average number of all employees.....	564	648	+84
Personnel compensation;			
Permanent positions.....	\$5,775,200	\$6,660,100	+\$884,900
Positions other than permanent.....	122,500	122,500	-----
Special personal services payments.....	10,000	10,000	-----
Other personnel compensation.....	27,000	43,100	+16,100
Total personnel compensation.....	5,934,700	6,835,700	+901,000
Personnel benefits.....	421,900	494,700	+72,800
Travel and transportation of persons.....	377,600	460,200	+82,600
Transportation of things.....	33,200	37,700	+4,500
Rent, communications, and utilities.....	195,600	139,900	-55,700
Printing and reproduction.....	157,100	125,100	+38,000
Other services.....	100,000	100,000	-----
Services of other agencies.....	175,000	198,200	+23,200
Supplies and materials.....	47,900	56,700	+8,800
Equipment.....	47,000	70,800	+23,800
Total obligations by object.....	7,490,000	8,589,000	+1,099,000

Summary of changes

1967 enacted appropriation.....	\$7,890,000
Unobligated balance, reserve.....	-400,000

1967 total estimated obligations.....	7,490,000
1968 estimated obligations.....	8,589,000

Total change..... +1,099,000

	Base		Changes from base	
	Positions	Amount	Positions	Amount
Increases:				
A. Built-in: Annualization of 1967 budget.....				-\$859,000
B. Program:				
1. For expanding development of policies, guides, standards, and technical assistance to States on:				
(a) Medical assistance programs.....	62	\$744,000	8	78,240
(b) Administrative and fiscal methods.....	36	448,000	6	47,020
(c) Staff development.....	37	441,000	4	32,770
(d) Assistance standards, eligibility, and social services.....	56	688,000	5	36,925
(e) Family planning activities.....	1	10,000	2	15,110
2. Strengthening research and statistical activities.....	82	940,000	5	32,900
3. Administrative review of State and local program activities.....	163	738,000	14	91,115
4. Increased workload in inquiry mail.....	17	130,000	2	12,720
5. Bureau administration: Increased workload in administrative services and management functions.....	46	378,000	3	17,200
Total, program increases.....			49	364,000
Decreases:				
A. Nonrecurring items:				
1. 1 less day's pay in 1968.....				-26,000
2. Funds for equipment and space requirements for previous staff increases.....				-98,000
Total, net change requested.....			+49	+1,099,000

¹ Positions shown represent estimated full-time equivalents.

EXPLANATION OF CHANGE

Increased funds are requested for 1968 (a) to finance the program level approved for a portion of fiscal year 1967; (b) to provide for increased operating costs resulting from the pay increase in fiscal year 1967; and (c) to provide 49 new positions in 1968, of which 23 would be located in regional offices, for placing increased emphasis on improved administration of State public assistance programs. The need for the new positions is explained below.

(a) *Medical Services Program*.—An increase of 8 positions is requested to provide policies, guides and standards and other technical assistance to the States on services under the Medical Assistance Program established as title XIX in the Social Security Act, effective January 1, 1966. (The title XIX grants program administered by the Welfare Administration, commonly referred to as "Medicaid," is designed to provide necessary medical care to needy public assistance recipients and others, including the aged, if such care is not otherwise available; medical care for the aged under title XIX supplements the program of Health Insurance for the Aged, commonly referred to as "Medicare," administered by the Social Security Administration.) More emphasis must be placed on such matters as: (1) cooperative work with other DHEW agencies and other departments on matters of mutual concern; (2) assistance to States in planning, developing, and initiating operation of medical assistance programs; (3) improving standards of medical care—e.g., in relation to institutional care; (4) helping State welfare agencies develop effective agreements and cooperative relationships with mental health authorities and individual institutions; and (5) developing criteria for Bureau evaluation of State medical assistance programs and helping States develop techniques for their own program evaluations.

(b) *Administrative and Fiscal Methods*.—Six new positions are requested to enable the Bureau to extend and intensify its technical assistance to States to assure that the most economical and effective methods possible are reflected in their program operations. This would be done through development of standards and other material, consultation, and a variety of other work in such areas as: (1) methods, procedures, and forms to promote simplicity of administration under title XIX, including systems that assure prompt payment of vendors' bills; (2) more effective utilization of ADP systems; (3) paperwork management; (4) standards on organization, staffing, and workload assignments in large urban areas; and (5) techniques for use by States in performing their own surveys.

(c) *Staff Development Activities*.—An increase of 4 positions is requested to help States to develop and improve their staff development programs, particularly as they relate to the new responsibilities for administering the medical assistance programs, and to continue to fulfill responsibilities for providing rehabilitative and constructive services under the 1962 amendments. This would include development of standards, guides, and teaching materials and advising on matters such as expanding and improving in-service training programs, increased efforts to obtain and retain trained staff, and better utilization of staff working in the programs.

(d) *Assistance Standards, Eligibility, and Social Services*.—An increase of 5 positions is requested for providing more guide materials and other technical assistance to help States improve their assistance standards, simplify methods of determining need, and organize and develop social services in areas such as: homemaker services, use of volunteers, community planning services for the mentally ill and mentally retarded, services for military rejectees, social services in housing developments, and services related to special types of problems such as those of the aging and children and youth in urban areas. There is great need for decentralized services, particularly in the cities, such as neighborhood centers, satellite centers and comprehensive service centers. Additional emphasis would also be placed on the standards and quality of care provided aged recipients living in social care facilities.

(e) *Family Planning Activities*.—An increase of 2 positions is requested to implement HEW policy in this area as it relates to State public welfare programs. This staff would be used to develop guide materials and provide technical advice and assistance to State welfare agencies on development and expansion of family planning services, including: (1) medical, educational, social service, and community resources relating to the availability and use of family planning resources; and (2) development of family counseling as it relates to family planning.

(f) *Research and Statistical Activities.*—An increase of 5 positions is requested to meet needs in this area stemming from the recent medical legislation, the requirements of the Bureau's revised statistical reporting system, demands for special studies and related analytical work. More emphasis would be placed on technical assistance to States on study designs, including sampling and designing of questionnaires; on the development of population and cost estimates and projections; on data processing (especially with respect to development of programmers for centralized ADP tabulations by the Bureau of State public assistance data); and on special analyses.

(g) *Administrative Review of State and Local Program Activities.*—An increase of 14 positions is requested for this area which relates to the Bureau's responsibility for assuring that actual operations of the State public assistance programs are in substantial conformance with requirements of Federal law, the State Plan, and the criteria for administration of the State Plan. The 1965 amendments substantially increased areas of program responsibilities which must be reviewed. In fiscal year 1968 there will be over 250 categorical programs in 54 States and jurisdictions providing maintenance assistance, social services, and/or medical care for over 10,000,000 persons in some 3,200 political subdivisions of the 50 States and 4 other jurisdictions. Within the categorical programs, there are specific program areas—e.g., community work and training, the various components of medical care, social services, and staff development programs—which must be encompassed in the review. Basic requirements in all of these areas should be examined periodically on-the-spot to provide much of the information needed at the Federal level relating to accountability. By fiscal year 1968, the new medical programs will have operated in a number of States from 12 to 18 months. To the extent possible, the quality control system, which was established to enable the State agency to determine the correctness of local agencies' action on eligibility and amount of payment in the cash assistance program, will be extended to the medical assistance aspects of the public assistance programs. Additional Federal staff are necessary to review each State's quality control system as well as to continuously examine the system in terms of methods, coverage, and results to keep the system as useful, efficient, and responsive to new developments as possible. This system represents one of the major tools in the overall emphasis of Federal, State, and local welfare administrators to improve the quality of local agency administration, including the reduction of ineligibility. The system provides information on administrative defects which need correcting in order to improve quality of administration and prevent ineligibility.

(h) *Inquiry Mail.*—Two additional positions are requested to handle the workload stemming from constantly increasing demands for information regarding public welfare programs. The change in the entire public assistance medical care program has already resulted in a tremendous increase in inquiries from news media, the general public, current and potential recipients, and members of Congress. In addition to the increased volume of inquiries, the type of comprehensive replies that must be developed because of the subject matter, the information sought, and the background of the inquirer, necessitate more staff time.

(i) *Increased Workload in Administrative Services and Management Functions.*—Three additional positions are requested because of the expansion in Bureau responsibilities and program staff which necessitates increased attention to areas such as general services, personnel, records management, administrative, fiscal, and budget operations. This relates to the day-to-day workload increases which must be met in each of these areas as well as such overall matters as improved accounting systems and other financial management aspects of Bureau operations.

New positions requested, fiscal year 1968

	Grade	Annual salary
Program policies and standards:		
Medical assistance field coordinator.....	GS-15	\$17,550
Administrative and fiscal methods specialist (ADP).....	GS-14	15,106
Family and child welfare specialist.....	GS-14	15,106
Family planning services specialist.....	GS-14	15,106
Staff development specialist.....	GS-14	15,106
Aging services specialist.....	GS-13	12,873
Staff development specialist.....	GS-13	12,873
Social rehabilitation specialist.....	GS-12	10,927
Staff development specialist.....	GS-12	10,927
Secretary (4).....	GS-5	21,324
Clerk-typist.....	GS-3	4,269
Total (14).....		151,167
Review State plans and grants, evaluate State operations:		
Regional medical officer (3).....	GS-15	52,650
Public assistance program review officer.....	GS-14	15,106
Regional administrative and fiscal specialist (2).....	GS-14	30,212
Regional administrative and fiscal specialist.....	GS-13	12,873
Writer-editor.....	GS-12	10,927
Public assistance technician (9).....	GS-9	69,264
Correspondence clerk.....	GS-5	5,331
Secretary (4).....	GS-5	21,324
Clerk-stenographer.....	GS-4	4,776
Clerk-typist (4).....	GS-3	17,076
Total (27).....		239,539
Research and statistics:		
ADP programmer.....	GS-13	12,873
Statistician.....	GS-12	10,927
Research analyst.....	GS-11	9,221
Clerk.....	GS-4	4,776
Clerk-typist.....	GS-3	4,269
Total (5).....		42,066
Administration:		
Administrative and fiscal assistant.....	GS-11	9,221
Personnel assistant.....	GS-11	9,221
Records classifier.....	GS-5	5,331
Total (3).....		23,773
Total new positions, all activities (49).....		456,545

EXPANDED RESPONSIBILITIES AND SELECTED WORK AREAS

Senator HILL. What about your salaries and expenses now? Are you interested in that?

Mr. STEININGER. Yes; very much so. I am glad you asked that question. This is what makes the wheels go round.

Senator HILL. The grease, you mean, that makes the wheels go round.

Mr. STEININGER. Right.

In the public assistance grants presentation, I discussed the scope of the several public assistance categories. Bureau responsibilities for administering Federal grants in support of these programs are many. They range from providing technical assistance and leadership to the States to effect basic program changes, such as those provided for by the 1965 amendments, to processing grants and assuring that the funds are expended for the purpose intended.

MEDICAL ASSISTANCE PROGRAMS

Our salaries and expenses request for 1968 reflects the Bureau's need to carry out more effectively its ongoing and recently expanded responsibilities. Many current priorities will continue into 1968 and beyond. One of these, for example, is work relating to the medical assistance programs under title XIX of the Social Security Act. Twenty-seven States, Guam, Puerto Rico, and the Virgin Islands will be operating these programs in 1967; 18 additional States are expected to start title XIX programs in 1968.

We must continue to the maximum extent possible to provide consultation and develop policies, guides, standards, and other materials to assist States in administering their medical assistance programs.

Additional criteria must be developed for Bureau evaluation of State medical assistance programs under the new title XIX and help must be offered to States in the development of their own techniques for program evaluation.

MEDICAL CARE PROGRAMS

Team visits by our medical consultants and medical administration staff will be completed for some 10 States operating title XIX programs this year. These visits must be expanded to other States as soon as possible to gain insight into administration and on standards of care being provided. The findings will provide the base for much of the developmental work and other kinds of assistance needed by the States in administering their title XIX medical care programs, which necessarily involve a number of technical and complex features, such as relationships with the program of health insurance for the aged.

SOCIAL SERVICE PROGRAMS

Another major priority relates to our work in the social services area. More emphasis needs to be given to new services and special needs of persons covered under the public assistance programs—for example, the Bureau needs to develop additional guides and take other actions to assist States in organizing and developing social services in areas such as: homemaker services, use of volunteers, community planning, services for the mentally ill and mentally retarded, social services in housing developments, and services related to special types of problems such as those of the aging and children and youth in urban areas. There is great need for decentralized services, particularly in the cities, such as neighborhood centers and comprehensive service centers.

ADMINISTRATIVE REVIEW OF STATE AND LOCAL OPERATIONS

Another Bureau priority in 1968 relates to its administrative review of State and local operations to assure that the public assistance programs are in substantial conformance with the approved State plan. The 1965 amendments substantially increased areas of program responsibility which must be reviewed.

Within each of the categorical programs, there are specific program areas—for example, community work and training, the various components of medical care, social services, and staff development programs—which must be encompassed in the review. Basic requirements in all of these areas should be examined periodically, on the spot, to provide much of the information needed at the Federal level relating to accountability. To the extent possible, the quality control system, which was established to enable the State agency to determine the correctness of local agencies' action on eligibility and amount of payment in the cash assistance program, will be extended to the medical assistance aspects of the public assistance programs.

PROGRAM IMPROVEMENTS

Some other work of special significance being planned by the Bureau includes expansion and improvement of public assistance research and statistical data; improvement and simplification of administrative and fiscal methods used by the States; and augmentation of work with States to improve their staff development programs, particularly urgent because of the shortage of trained staff and the critical problems of staff turnover in virtually every State.

REQUEST FOR ADDITIONAL PERSONNEL

States require and expect Bureau staff to help provide leadership, interpretation, guidance and day-to-day assistance in carrying out the increasingly diverse and complex provisions in public assistance administration. In 1968, over 10 million persons will be receiving some form of assistance under these programs—basic maintenance, medical care, or social services, and in many instances, all three.

The programs will operate in over 3,000 political subdivisions, at a total cost of about \$7.5 billion; over 100,000 employees of State and local public assistance agencies will be engaged in their administration. The total appropriation request for the Bureau's salaries and expenses for 1968 is \$8,589,000, or only about one-fifth of 1 percent of the Federal grants.

Senator HILL. That is a pretty good record, isn't it?

Mr. STEININGER. Yes; I believe it is, Mr. Chairman.

This Bureau's appropriation request would support a total of 709 positions in fiscal year 1968. The funds requested would provide an increase of 49 positions and \$1,099,000 over the 1967 estimate; \$735,000 of the increased funds is to finance the program level approved for a portion of fiscal year 1967, including increased operating costs resulting from the pay increase which became effective in fiscal year 1967; the balance of the increase requested, \$364,000, is for adding 49 new positions during 1968 and to provide for other requirements.

The increased positions for 1968 are to enable the Bureau to strengthen administration of these public assistance grants programs. More consultation and technical assistance to State agencies will be possible. More attention can be directed to reviewing their operations.

Increased emphasis will be placed on work related to the medical assistance programs, and on the provision of assistance in extending preventive and rehabilitative services to public assistance recipients.

Mr. Chairman, if you and the members of the committee have any questions, we shall do our best to answer them.

Senator HILL. Is there anything you would like to add?

Mrs. SMITH. No; thank you.

Senator HILL. Is there anything you would to add, sir?

Mr. MEYERS. No, Mr. Chairman.

Senator HILL. I was very much interested in this one-fifth of 1 per cent. Do you think you have set a good example by that?

Mr. STEININGER. I hope everybody thinks so, Mr. Chairman, particularly you and your committee.

Senator HILL. We believe so.

We thank you very much.

We appreciate your appearance here and your statement.

GRANTS FOR MATERNAL AND CHILD WELFARE

STATEMENT OF MRS. KATHERINE B. OETTINGER, CHIEF, ACCOMPANIED BY ARTHUR J. LESSER, M.D., DEPUTY CHIEF; AND CHARLES P. GERSHENSON, DIRECTOR, DIVISION OF RESEARCH; GORDON FORTNEY, ADMINISTRATIVE OFFICER; JOSEPH H. MEYERS, ACTING COMMISSIONER OF WELFARE; ELMER W. SMITH, EXECUTIVE OFFICER, WELFARE ADMINISTRATION; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

GRANTS FOR MATERNAL AND CHILD WELFARE

For grants for maternal and child welfare as authorized in title V, parts 1, 2, 3, and 4 of the Social Security Act, as amended (42 U.S.C., ch. 7, subch. V; 74 Stat. 995-997, and 77 Stat. 273), **[\$228,900,000]** *\$239,320,000*, of which \$50,000,000 shall be available for maternal and child-health services under part 1, \$50,000,000 for services for crippled children under part 2, \$46,000,000 for child welfare services under part 3 (other than section 526), **[\$9,000,000]** *\$10,200,000* for research, training, or demonstration projects in child welfare under section 526, \$30,000,000 for special project grants for maternity and infant care, under section 531, **[\$35,000,000]** *\$40,000,000* for special project grants for comprehensive health care and services for school age and preschool age children under section 532, **[\$4,000,000]** *\$7,000,000* for training of professional personnel for the health and related care of crippled children under section 516, and **[\$4,900,000]** *\$6,120,000* for research projects relating to maternal and child health and crippled children's services under section 533 of such Act: *Provided,*

That any allotment to a State pursuant to section 502(b) or 512(b) of such Act shall not be included in computing for the purposes of subsections (a) and (b) of sections 504 and 514 of such Act an amount expended or estimated to be expended by the State: *Provided further,* That \$4,750,000 of the amount available under section 502(b) of such Act shall be used only for special projects for mentally retarded children, and \$3,750,000 of the amount available under section 512(b) of such Act shall be used only for special projects for services for crippled children who are mentally retarded.

Amounts available for obligation

Appropriation :		
1967 -----		\$228, 900, 000
1968 -----		239, 320, 000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Maternal and child health services -----	\$50, 000, 000	\$50, 000, 000	-----
Crippled children's services -----	50, 000, 000	50, 000, 000	-----
Child welfare services -----	46, 000, 000	46, 000, 000	-----
Research, training, or demonstration projects in child welfare -----	9, 000, 000	10, 200, 000	+\$1, 200, 000
Special project grants for maternity and infant care -----	30, 000, 000	30, 000, 000	-----
Special project grants for health of school and preschool children -----	32, 000, 000	40, 000, 000	+8, 000, 000
Training of professional personnel for the care of crippled children -----	4, 000, 000	7, 000, 000	+3, 000, 000
Research projects relating to maternal and child health and crippled children's services -----	4, 900, 000	6, 120, 000	+1, 220, 000
Total obligations -----	225, 900, 000	239, 320, 000	+13, 420, 000
Unobligated balance, reserve -----	3, 000, 000	-----	-3, 000, 000
Total, obligations and balance -----	228, 900, 000	239, 320, 000	+10, 420, 000

Obligations by object

Grants, subsidies, and contributions:

1967 estimate-----	\$225, 900, 000
1968 estimate-----	239, 320, 000
Increase or decrease-----	+13, 420, 000

Summary of changes

1967 enacted appropriation-----	\$228, 900, 000
Unobligated balance, reserve-----	-3, 000, 000
1967 total estimated obligations-----	225, 900, 000
1968 estimated obligations-----	239, 320, 000
Total change-----	+13, 420, 000

Increases	Base	Changes from base
Program:		
1. For research or demonstration grants in child welfare.-----	\$3, 500, 000	+1, 000, 000
2. For training grants in child welfare.-----	5, 500, 000	+200, 000
3. For special project grants for health of school and preschool children.-----	32, 000, 000	+8, 000, 000
4. For training of professional personnel for the care of crippled children.-----	4, 000, 000	+3, 000, 000
5. For research projects relating to maternal and child health and crippled children's services-----	3, 900, 000	+1, 220, 000
Total change requested-----		+13, 420, 000

EXPLANATION OF CHANGES

1. *For research or demonstration grants in child welfare.*—The requested increase of \$1,000,000 will provide for research projects of regional or national significance or those which show promise of substantial contribution to the advancement of child welfare. The entire increase will be used to fund the cost of continuation grants. The funds requested will support 13 new and 37 continued research and demonstration grants as compared with 13 new and 31 continuation grants in 1967.

2. *For training grants in child welfare.*—The funds requested will provide for traineeships, curriculum development and short-term training courses in the child welfare field. The increase will meet rising costs of teaching grants and will permit continuation of approximately the same level of training as in 1967.

3. *For special project grants for health of school and preschool children.*—The increase of \$8,000,000 is requested to bring this program up to the level authorized by the Social Security Amendments of 1965. These projects will provide comprehensive health care including dental care to children in need of such care in areas where low-income families are concentrated. The funds requested will support 30 continuation projects and approximately 6 new projects.

4. *For training of professional personnel for the care of crippled children.*—An increase of \$3,000,000 is requested for continuation cost of grants made in prior years to 14 institutions of higher learning for training of professional personnel for work with crippled children and particularly mentally retarded children and those with multiple handicaps. Continuation costs reflect the growth and development of university-affiliated clinical centers for the mentally retarded.

5. *For research projects relating to maternal and child health services and crippled children's services.*—The increase of \$1,220,000 is requested to provide a total of \$6,120,000 to finance these grants in 1968. These funds will be used to provide support to universities, State and local health departments, community health organizations, hospitals, and professional societies to study health issues concerned with maternal and child health and crippled children's services. The funds will support a total of 66 projects in 1968 as compared with 63 in 1967. The level of new projects (7) is the same in both years, the increase being associated with increased average costs and numbers of continuation projects.

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Grants for maternal and child health services—Funds available and estimated awards, 1967

States	Fiscal year 1967		
	Available for awards to States	Estimated awards to States	Estimated balances, June 30, 1967
Alabama.....	\$1, 215, 269	\$1, 215, 269	-----
Alaska.....	212, 735	212, 735	-----
Arizona.....	707, 183	707, 183	-----
Arkansas.....	749, 362	749, 362	-----
California.....	2, 350, 747	2, 350, 747	-----
Colorado.....	716, 851	716, 851	-----
Connecticut.....	769, 403	769, 403	-----
Delaware.....	189, 075	189, 075	-----
District of Columbia.....	395, 764	395, 764	-----
Florida.....	1, 614, 070	1, 614, 070	-----
Georgia.....	1, 564, 002	1, 564, 002	-----
Guam.....	143, 034	143, 034	-----
Hawaii.....	219, 655	219, 655	-----
Idaho.....	202, 682	202, 682	-----
Illinois.....	1, 338, 852	1, 338, 852	-----
Indiana.....	1, 003, 534	1, 003, 534	-----
Iowa.....	624, 979	524, 979	\$100, 000
Kansas.....	433, 957	388, 957	45, 000
Kentucky.....	1, 179, 877	1, 179, 877	-----
Louisiana.....	1, 110, 642	1, 110, 642	-----
Maine.....	331, 490	331, 490	-----
Maryland.....	842, 231	842, 231	-----
Massachusetts.....	953, 525	953, 525	-----
Michigan.....	1, 719, 851	1, 719, 851	-----
Minnesota.....	918, 745	918, 745	-----
Mississippi.....	1, 047, 017	1, 047, 017	-----
Missouri.....	1, 025, 293	1, 025, 293	-----
Montana.....	207, 948	207, 948	-----
Nebraska.....	318, 665	318, 665	-----
Nevada.....	245, 124	225, 124	20, 000
New Hampshire.....	201, 144	191, 144	10, 000
New Jersey.....	811, 768	811, 768	-----
New Mexico.....	613, 572	613, 572	-----
New York.....	2, 232, 779	2, 232, 779	-----
North Carolina.....	1, 668, 488	1, 668, 488	-----
North Dakota.....	204, 696	204, 696	-----
Ohio.....	1, 990, 703	1, 990, 703	-----
Oklahoma.....	642, 737	642, 737	-----
Oregon.....	511, 584	511, 584	-----
Pennsylvania.....	2, 051, 530	2, 051, 530	-----
Puerto Rico.....	1, 410, 520	1, 410, 520	-----
Rhode Island.....	454, 534	454, 534	-----
South Carolina.....	964, 640	964, 640	-----
South Dakota.....	210, 632	118, 632	92, 000
Tennessee.....	1, 041, 515	1, 041, 515	-----
Texas.....	2, 309, 525	2, 309, 525	-----
Utah.....	290, 472	290, 472	-----
Vermont.....	174, 797	174, 797	-----
Virgin Islands.....	139, 096	139, 096	-----
Virginia.....	1, 324, 278	1, 324, 278	-----
Washington.....	784, 597	784, 597	-----
West Virginia.....	729, 284	729, 284	-----
Wisconsin.....	906, 096	906, 096	-----
Wyoming.....	217, 353	217, 353	-----
Institutions of high learning.....	3, 762, 098	3, 762, 098	-----
Total.....	50, 000, 000	49, 733, 000	267, 000

One-half of the amount appropriated is available for allotment to States under Sec. 502(a) and one-half under Sec. 502(b) of title V of the Social Security Act.

The appropriation act for 1967 provides that \$4,750,000 of the amount available under Sec. 502(b) shall be used only for special projects for mentally retarded children.

The amount shown above as available for payment to each State includes a uniform grant of \$70,000 and an additional amount in proportion to the number of live births in the State under Sec. 502(a), and a tentative estimate for allocation from funds available under Sec. 502(b) including \$4,750,000 earmarked for special projects for mentally retarded children.

See attached table for information on special projects for mentally retarded children.

Grants for maternal and child health services—Special projects for mentally retarded children, 1967¹

Alabama -----	\$131,096	New Mexico-----	\$198,950
Alaska -----	45,186	New York-----	124,775
Arizona -----	294,600	North Carolina-----	129,459
Arkansas -----	107,845	Ohio -----	173,809
California -----	259,342	Oklahoma -----	130,000
Colorado -----	236,000	Oregon -----	25,666
Connecticut -----	88,962	Rhode Island-----	125,000
District of Columbia -----	100,065	South Carolina-----	30,000
Florida -----	233,067	Texas -----	217,000
Georgia -----	240,795	Virginia -----	195,175
Illinois -----	50,002	Washington -----	122,196
Kentucky -----	197,498	West Virginia-----	204,966
Maine -----	40,000	Wyoming -----	50,000
Massachusetts -----	226,367	Institutions of higher learn-	
Michigan -----	100,000	ing -----	215,684
Minnesota -----	126,188		
Mississippi -----	69,000	Total, estimated	
Missouri -----	198,000	awards, 1967-----	4,750,000
Nevada -----	63,307		

¹ These projects are financed from the \$4,750,000 earmarked for special projects for mentally retarded children.

Grants for services for crippled children—Funds available and estimated awards, 1967

States	Fiscal year 1967		
	Available for awards to States	Estimated awards to States	Estimated balances, June 30, 1967
Alabama.....	\$1, 105, 698	\$1, 105, 698	-----
Alaska.....	211, 672	211, 672	-----
Arizona.....	365, 620	365, 620	-----
Arkansas.....	682, 429	682, 429	-----
California.....	2, 245, 488	2, 245, 488	-----
Colorado.....	454, 498	454, 498	-----
Connecticut.....	445, 166	445, 166	-----
Delaware.....	186, 801	186, 801	-----
District of Columbia.....	400, 705	400, 705	-----
Florida.....	1, 176, 184	1, 176, 184	-----
Georgia.....	1, 325, 937	1, 325, 937	-----
Guam.....	140, 968	127, 968	\$13, 000
Hawaii.....	353, 845	353, 845	-----
Idaho.....	316, 970	316, 970	-----
Illinois.....	1, 495, 599	1, 495, 599	-----
Indiana.....	1, 062, 564	1, 062, 564	-----
Iowa.....	1, 147, 443	1, 147, 443	-----
Kansas.....	493, 133	493, 133	-----
Kentucky.....	1, 042, 519	1, 042, 519	-----
Louisiana.....	1, 054, 432	1, 054, 432	-----
Maine.....	280, 463	280, 463	-----
Maryland.....	921, 574	921, 574	-----
Massachusetts.....	702, 492	702, 492	-----
Michigan.....	1, 755, 651	1, 755, 651	-----
Minnesota.....	1, 060, 134	1, 060, 134	-----
Mississippi.....	970, 737	785, 737	185, 000
Missouri.....	852, 008	852, 008	-----
Montana.....	260, 097	242, 097	18, 000
Nebraska.....	359, 111	359, 111	-----
Nevada.....	179, 472	179, 472	-----
New Hampshire.....	200, 412	200, 412	-----
New Jersey.....	819, 987	819, 987	-----
New Mexico.....	302, 661	302, 661	-----
New York.....	2, 052, 642	2, 052, 642	-----
North Carolina.....	1, 703, 773	1, 703, 773	-----
North Dakota.....	228, 206	228, 206	-----
Ohio.....	1, 877, 838	1, 877, 838	-----
Oklahoma.....	587, 596	587, 596	-----
Oregon.....	491, 844	491, 844	-----
Pennsylvania.....	2, 664, 760	2, 664, 760	-----
Puerto Rico.....	1, 205, 413	1, 205, 413	-----
Rhode Island.....	267, 250	267, 250	-----
South Carolina.....	976, 981	976, 981	-----
South Dakota.....	236, 301	212, 301	24, 000
Tennessee.....	1, 240, 553	1, 240, 553	-----
Texas.....	2, 478, 947	2, 478, 947	-----
Utah.....	314, 595	314, 595	-----
Vermont.....	173, 190	173, 190	-----
Virgin Islands.....	136, 073	136, 073	-----
Virginia.....	1, 438, 759	1, 438, 759	-----
Washington.....	587, 253	587, 253	-----
West Virginia.....	602, 271	602, 271	-----
Wisconsin.....	971, 695	971, 695	-----
Wyoming.....	168, 216	168, 216	-----
Institutions of higher learning.....	5, 223, 374	5, 223, 374	-----
Total.....	50, 000, 000	49, 760, 000	240, 000

One-half of the amount appropriated is available for allotment to States under Sec. 512(a) and one-half under Sec. 512(b) of title V of the Social Security Act.

The amount shown above as available for award to each State includes a uniform grant of \$70,000 and an additional amount in proportion to the number of children under 21 years in the State under Sec. 512(a), and a tentative estimate for allocation of funds available under Sec. 512(b).

Grants for services for crippled children—Special projects for mentally retarded children, 1967¹

California -----	\$131,122	Rhode Island-----	\$48,515
Hawaii -----	139,154	Tennessee -----	80,000
Idaho -----	95,000	Institutions of higher learn-	
Illinois -----	80,000	ing -----	2,207,175
Iowa -----	302,312		
New York-----	140,847	Total, estimated	
Oregon -----	90,087	awards, 1967-----	3,750,000
Pennsylvania -----	435,788		

¹ These projects are financed from the \$3,750,000 earmarked for special projects for mentally retarded children.

Grants for child welfare services—Funds available and estimated awards, 1967

States	Fiscal year 1967		
	Available for awards to States	Estimated awards to States	Estimated balances, June 30, 1967
Alabama.....	\$1, 112, 953	\$1, 112, 953	-----
Alaska.....	122, 113	122, 113	-----
Arizona.....	489, 655	489, 655	-----
Arkansas.....	647, 558	647, 558	-----
California.....	3, 111, 893	3, 111, 893	-----
Colorado.....	489, 588	489, 588	-----
Connecticut.....	473, 068	473, 068	-----
Delaware.....	144, 275	144, 275	-----
District of Columbia.....	170, 436	170, 436	-----
Florida.....	1, 406, 222	1, 406, 222	-----
Georgia.....	1, 307, 860	1, 307, 860	-----
Guam.....	100, 184	100, 184	-----
Hawaii.....	228, 631	228, 631	-----
Idaho.....	257, 405	257, 405	-----
Illinois.....	1, 812, 387	1, 812, 387	-----
Indiana.....	1, 122, 503	1, 122, 503	-----
Iowa.....	686, 465	686, 465	-----
Kansas.....	561, 293	561, 293	-----
Kentucky.....	948, 328	948, 328	-----
Louisiana.....	1, 141, 943	1, 141, 943	-----
Maine.....	315, 804	315, 804	-----
Maryland.....	746, 603	746, 603	-----
Massachusetts.....	956, 369	956, 369	-----
Michigan.....	1, 856, 017	1, 856, 017	-----
Minnesota.....	894, 123	894, 123	-----
Mississippi.....	846, 571	846, 571	-----
Missouri.....	961, 132	961, 132	-----
Montana.....	243, 641	243, 641	-----
Nebraska.....	394, 717	394, 717	-----
Nevada.....	135, 294	135, 294	-----
New Hampshire.....	215, 669	215, 669	-----
New Jersey.....	1, 154, 285	1, 154, 285	-----
New Mexico.....	381, 985	381, 985	-----
New York.....	2, 731, 527	2, 731, 527	-----
North Carolina.....	1, 451, 474	1, 451, 474	-----
North Dakota.....	243, 046	243, 046	-----
Ohio.....	2, 218, 215	2, 218, 215	-----
Oklahoma.....	669, 062	669, 062	-----
Oregon.....	454, 106	454, 106	-----
Pennsylvania.....	2, 337, 522	2, 337, 522	-----
Puerto Rico.....	1, 046, 836	1, 046, 836	-----
Rhode Island.....	244, 959	244, 959	-----
South Carolina.....	882, 769	882, 769	-----
South Dakota.....	256, 853	256, 853	-----
Tennessee.....	1, 117, 719	1, 117, 719	-----
Texas.....	2, 771, 455	2, 771, 455	-----
Utah.....	346, 868	346, 868	-----
Vermont.....	166, 483	166, 483	-----
Virgin Islands.....	86, 713	86, 713	-----
Virginia.....	1, 187, 009	1, 187, 009	-----
Washington.....	675, 308	675, 308	-----
West Virginia.....	538, 470	538, 470	-----
Wisconsin.....	992, 653	992, 653	-----
Wyoming.....	143, 983	143, 983	-----
Total.....	46, 000, 000	46, 000, 000	-----

For child welfare services each State receives a uniform grant of \$70,000 and an additional grant which varies directly with child population under 21 and inversely with average per capita income.

Grants for maternal and child health services—Tentative apportionment of amount requested for fiscal year 1968

State	Total	Fund A ¹	Fund B ²
Alabama.....	\$971,578	\$463,951	\$507,627
Alaska.....	167,549	107,549	60,000
Arizona.....	343,510	257,405	86,105
Arkansas.....	608,931	283,473	325,458
California.....	2,143,084	2,005,642	137,442
Colorado.....	372,555	279,726	92,829
Connecticut.....	423,537	363,537	60,000
Delaware.....	189,075	129,075	60,000
District of Columbia.....	230,114	170,114	60,000
Florida.....	1,354,581	658,396	696,185
Georgia.....	1,299,313	589,565	709,748
Guam.....	143,034	83,034	60,000
Hawaii.....	219,655	159,655	60,000
Idaho.....	202,682	142,682	60,000
Illinois.....	1,323,810	1,217,266	106,544
Indiana.....	990,348	617,296	373,052
Iowa.....	618,690	356,197	262,493
Kansas.....	422,640	293,818	128,822
Kentucky.....	978,224	420,806	557,418
Louisiana.....	1,091,664	514,673	576,991
Maine.....	294,048	179,767	114,281
Maryland.....	819,679	475,297	344,382
Massachusetts.....	690,778	610,131	80,647
Michigan.....	1,433,691	975,979	457,712
Minnesota.....	786,652	466,779	319,873
Mississippi.....	931,443	362,453	568,990
Missouri.....	874,839	527,393	347,446
Montana.....	207,948	147,948	60,000
Nebraska.....	325,028	228,642	96,386
Nevada.....	181,817	121,817	60,000
New Hampshire.....	201,144	141,144	60,000
New Jersey.....	811,768	751,768	60,000
New Mexico.....	307,570	208,540	99,030
New York.....	2,084,182	1,885,004	199,178
North Carolina.....	1,539,200	617,564	921,636
North Dakota.....	204,696	144,696	60,000
Ohio.....	1,812,050	1,152,801	659,249
Oklahoma.....	510,518	315,829	194,689
Oregon.....	380,211	243,230	136,981
Pennsylvania.....	2,068,584	1,199,167	869,417
Puerto Rico.....	1,344,010	477,578	866,432
Rhode Island.....	223,062	163,062	60,000
South Carolina.....	932,634	363,589	569,045
South Dakota.....	213,321	150,632	62,689
Tennessee.....	1,032,581	484,444	548,137
Texas.....	2,103,339	1,278,447	824,892
Utah.....	289,820	193,498	96,322
Vermont.....	174,797	114,797	60,000
Virgin Islands.....	139,096	79,096	60,000
Virginia.....	991,769	570,238	421,531
Washington.....	573,149	364,921	208,228
West Virginia.....	536,962	254,070	282,892
Wisconsin.....	905,187	528,466	376,721
Wyoming.....	167,353	107,353	60,000
Total distribution by formula under sec. 502(a) and 502(b).....	40,187,500	25,000,000	15,187,500
Special projects for mentally retarded children.....	4,750,000	-----	4,750,000
Reserve fund B.....	5,062,500	-----	5,062,500
Total.....	50,000,000	25,000,000	25,000,000

¹ Under sec. 502(a) (fund A) each State receives a uniform grant of \$70,000 and an additional grant in proportion to the number of live births in the State.

² Under sec. 502(b) (fund B) \$4,750,000 is to be used only for special projects for mentally retarded children, and \$5,062,500 or 25 percent of the remaining \$20,250,000 is reserved for other special projects. The remainder, \$15,187,500, is apportioned so that each State receives an amount which varies directly with the number of urban and rural live births in the State and inversely with State per capita income. No State receives less than \$60,000. Live births in rural areas are given twice the weight of those in urban areas.

Grants for services for crippled children—Tentative apportionment of amount requested for fiscal year 1968

State	Total	Fund A ¹	Fund B ²
Alabama.....	\$1,104,872	\$467,776	\$637,096
Alaska.....	163,887	103,887	60,000
Arizona.....	364,647	258,983	105,664
Arkansas.....	671,443	283,485	387,958
California.....	2,100,373	2,040,373	60,000
Colorado.....	377,872	286,613	91,259
Connecticut.....	423,770	363,770	60,000
Delaware.....	186,825	126,825	60,000
District of Columbia.....	208,982	148,982	60,000
Florida.....	1,174,470	669,792	504,678
Georgia.....	1,321,128	573,606	747,522
Guam.....	140,922	80,922	60,000
Hawaii.....	213,152	153,152	60,000
Idaho.....	218,104	149,503	68,601
Illinois.....	1,317,389	1,185,389	132,000
Indiana.....	1,057,831	605,668	452,163
Iowa.....	688,061	361,685	326,376
Kansas.....	487,218	305,903	181,315
Kentucky.....	1,038,643	417,728	620,915
Louisiana.....	1,046,344	496,971	549,373
Maine.....	282,043	175,309	106,734
Maryland.....	624,479	465,169	159,310
Massachusetts.....	681,057	614,010	67,047
Michigan.....	1,484,021	1,006,573	477,448
Minnesota.....	836,875	469,340	367,535
Mississippi.....	959,674	349,173	610,501
Missouri.....	899,479	528,251	371,228
Montana.....	209,503	149,503	60,000
Nebraska.....	390,922	225,379	135,565
Nevada.....	179,527	119,527	60,000
New Hampshire.....	200,901	140,901	60,000
New Jersey.....	822,589	762,589	60,000
New Mexico.....	297,861	200,333	97,528
New York.....	1,912,694	1,852,694	60,000
North Carolina.....	1,718,718	623,915	1,094,803
North Dakota.....	231,075	144,290	86,785
Ohio.....	1,882,132	1,183,565	698,567
Oklahoma.....	576,262	320,500	255,762
Oregon.....	415,614	272,016	143,598
Pennsylvania.....	2,080,430	1,231,006	849,424
Puerto Rico.....	1,221,975	424,766	797,209
Rhode Island.....	219,148	159,148	60,000
South Carolina.....	978,502	373,415	605,087
South Dakota.....	237,586	147,678	89,908
Tennessee.....	1,150,696	484,719	665,977
Texas.....	2,259,425	1,273,755	985,670
Utah.....	255,120	195,120	60,000
Vermont.....	174,053	114,053	60,000
Virgin Islands.....	136,256	76,256	60,000
Virginia.....	1,072,750	555,099	517,651
Washington.....	560,372	384,884	175,488
West Virginia.....	617,516	261,850	355,666
Wisconsin.....	925,297	527,208	398,089
Wyoming.....	167,015	107,015	60,000
Total distribution by formula under secs. 512(a) and 512(b).....	40,937,500	25,000,000	15,937,500
Special projects for mentally retarded children.....	3,750,000	-----	3,750,000
Reserve fund B.....	5,312,500	-----	5,312,500
Total.....	50,000,000	25,000,000	25,000,000

¹ Each State receives a uniform grant of \$70,000 and an additional grant in proportion to the number of children under 21 years in the State.

² Under sec. 512(b) (fund B) \$3,750,000 is to be used only for special projects for services for crippled children who are mentally retarded, and \$5,312,500 or 25 percent of the remaining \$21,250,000 is reserved for other special projects. The remainder, \$15,937,000, is apportioned so that each State receives an amount which varies directly with the number of children under 21 years in urban and rural areas in the State and varies inversely with State per capita income. No State receives less than \$60,000. Children in rural areas are given twice the weight of those in urban areas.

Grants for child welfare services—Tentative apportionment of amount requested for fiscal year 1968¹

Alabama.....	\$1,094,654	Nebraska.....	\$394,576
Alaska.....	125,023	Nevada.....	142,240
Arizona.....	485,335		
Arkansas.....	628,239	New Hampshire.....	217,544
California.....	3,142,316	New Jersey.....	1,170,618
		New Mexico.....	373,706
Colorado.....	497,262	New York.....	2,851,078
Connecticut.....	500,922	North Carolina.....	1,441,111
Delaware.....	156,638		
District of Columbia.....	168,870	North Dakota.....	244,310
Florida.....	1,389,603	Ohio.....	2,202,545
		Oklahoma.....	650,178
Georgia.....	1,280,942	Oregon.....	464,340
Guam.....	100,058	Pennsylvania.....	2,353,194
Hawaii.....	222,475		
Idaho.....	250,510	Puerto Rico.....	1,046,349
Illinois.....	1,849,083	Rhode Island.....	240,654
		South Carolina.....	870,193
Indiana.....	1,104,263	South Dakota.....	257,667
Iowa.....	673,434	Tennessee.....	1,106,831
Kansas.....	548,943		
Kentucky.....	930,188	Texas.....	2,779,432
Louisiana.....	1,117,820	Utah.....	345,718
		Vermont.....	171,319
Maine.....	314,774	Virgin Islands.....	87,217
Maryland.....	774,261	Virginia.....	1,146,421
Massachusetts.....	1,011,930		
Michigan.....	1,771,171	Washington.....	652,225
Minnesota.....	885,316	West Virginia.....	547,906
		Wisconsin.....	985,667
Mississippi.....	838,310	Wyoming.....	146,241
Missouri.....	1,005,591		
Montana.....	242,789	Total.....	46,000,000

¹ Each State receives a uniform grant of \$70,000 and an additional grant which varies directly with child population under 21 and inversely with average per capita income.

Grants for maternal and child health services—Funds available and awards, 1966

States	Fiscal year 1966		
	Available for awards to States	Awards to States	Balances, June 30, 1966
Alabama.....	\$1,090,734	\$1,090,734	-----
Alaska.....	203,699	203,699	-----
Arizona.....	561,560	561,560	-----
Arkansas.....	606,667	606,667	-----
California.....	2,288,294	2,288,294	-----
Colorado.....	689,204	689,204	-----
Connecticut.....	626,765	626,765	-----
Delaware.....	178,965	178,965	-----
District of Columbia.....	429,261	429,261	-----
Florida.....	1,523,308	1,523,308	-----
Georgia.....	1,289,518	1,289,518	-----
Guam.....	115,703	105,282	\$10,421
Hawaii.....	206,772	206,772	-----
Idaho.....	197,332	197,332	-----
Illinois.....	1,187,454	1,187,454	-----
Indiana.....	744,320	744,320	-----
Iowa.....	500,126	440,725	59,401
Kansas.....	386,708	338,632	48,076
Kentucky.....	1,241,396	1,241,396	-----
Louisiana.....	963,791	963,791	-----
Maine.....	271,827	271,827	-----
Maryland.....	784,106	784,106	-----
Massachusetts.....	855,948	855,948	-----
Michigan.....	1,569,815	1,569,815	-----
Minnesota.....	780,977	780,977	-----
Mississippi.....	917,199	917,199	-----
Missouri.....	860,023	860,023	-----
Montana.....	196,771	196,771	-----
Nebraska.....	262,226	262,226	-----
Nevada.....	214,301	191,753	22,548
New Hampshire.....	175,611	165,329	10,282
New Jersey.....	664,709	613,839	50,870
New Mexico.....	552,059	552,059	-----
New York.....	2,082,991	2,082,991	-----
North Carolina.....	1,570,369	1,570,369	-----
North Dakota.....	195,589	195,589	-----
Ohio.....	1,756,126	1,756,126	-----
Oklahoma.....	549,234	549,234	-----
Oregon.....	420,637	420,637	-----
Pennsylvania.....	1,766,649	1,766,649	-----
Puerto Rico.....	1,085,223	1,085,223	-----
Rhode Island.....	369,022	369,022	-----
South Carolina.....	869,849	869,849	-----
South Dakota.....	177,614	85,017	92,597
Tennessee.....	1,187,279	1,187,279	-----
Texas.....	1,781,389	1,781,389	-----
Utah.....	205,004	205,004	-----
Vermont.....	166,724	166,724	-----
Virgin Islands.....	133,558	133,558	-----
Virginia.....	1,224,319	1,224,319	-----
Washington.....	685,720	685,720	-----
West Virginia.....	595,423	595,423	-----
Wisconsin.....	745,482	745,482	-----
Wyoming.....	147,165	147,165	-----
Institutions of higher learning.....	4,084,380	4,084,380	-----
Unallotted balance.....	63,105	-----	63,105
Total.....	45,000,000	44,642,700	357,300

910 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

The amount shown above includes \$4,750,000 earmarked for special projects for mentally retarded children. See attached supplement to this table for information on payments to States.

Grants for maternal and child health services—Special projects for mentally retarded children, 1966¹

Alabama -----	\$91,769	New Mexico -----	\$146,899
Alaska -----	42,100	New York -----	115,984
Arizona -----	217,843	North Carolina -----	142,246
Arkansas -----	60,172	Ohio -----	114,844
California -----	265,880	Oklahoma -----	79,341
Colorado -----	204,589	Oregon -----	20,942
Connecticut -----	53,648	Rhode Island -----	68,112
District of Columbia -----	117,225	South Carolina -----	30,000
Florida -----	181,217	Tennessee -----	223,562
Georgia -----	132,008	Texas -----	95,251
Illinois -----	43,276	Virginia -----	164,101
Kentucky -----	150,000	Washington -----	91,942
Maine -----	27,011	West Virginia -----	130,531
Massachusetts -----	139,597	Wyoming -----	14,500
Michigan -----	70,783	Institutions of higher learn-	
Minnesota -----	41,067	ing -----	1,230,504
Mississippi -----	41,577		
Missouri -----	150,627	Total awards, fiscal	
Nevada -----	50,708	year 1966 -----	4,749,856

¹ These projects are financed from the \$4,750,000 earmarked for special projects for mentally retarded children.

Grants for services for crippled children—Funds available and awards 1966

States	Fiscal year 1966		
	Available for awards to States	Awards to States	Balances, June 30, 1966
Alabama.....	\$999,965	\$999,965	-----
Alaska.....	159,611	159,611	-----
Arizona.....	239,928	-----	1 \$239,928
Arkansas.....	617,209	617,209	-----
California.....	1,962,537	1,962,537	-----
Colorado.....	424,751	424,751	-----
Connecticut.....	384,907	384,907	-----
Delaware.....	175,590	175,590	-----
District of Columbia.....	364,907	364,907	-----
Florida.....	1,039,030	1,039,030	-----
Georgia.....	1,344,648	1,344,648	-----
Guam.....	95,934	82,884	13,050
Hawaii.....	391,394	391,394	-----
Idaho.....	419,330	419,330	-----
Illinois.....	1,298,331	1,298,331	-----
Indiana.....	943,526	943,526	-----
Iowa.....	987,391	987,391	-----
Kansas.....	448,633	448,633	-----
Kentucky.....	870,261	870,261	-----
Louisiana.....	973,121	973,121	-----
Maine.....	249,932	249,932	-----
Maryland.....	809,630	809,630	-----
Massachusetts.....	654,344	654,344	-----
Michigan.....	1,736,141	1,736,141	-----
Minnesota.....	959,632	959,632	-----
Mississippi.....	811,847	626,567	185,280
Missouri.....	757,015	757,015	-----
Montana.....	285,611	264,208	21,403
Nebraska.....	308,959	308,959	-----
Nevada.....	219,964	219,964	-----
New Hampshire.....	187,085	186,745	340
New Jersey.....	673,433	342,023	331,410
New Mexico.....	367,069	367,069	-----
New York.....	1,816,845	1,816,845	-----
North Carolina.....	1,646,632	1,646,632	-----
North Dakota.....	207,571	207,571	-----
Ohio.....	1,678,859	1,678,859	-----
Oklahoma.....	534,227	534,227	-----
Oregon.....	414,718	414,718	-----
Pennsylvania.....	2,252,748	2,252,748	-----
Puerto Rico.....	1,079,691	1,079,691	-----
Rhode Island.....	250,873	250,873	-----
South Carolina.....	900,214	900,214	-----
South Dakota.....	219,996	190,228	29,768
Tennessee.....	1,039,521	1,039,521	-----
Texas.....	2,159,642	2,159,642	-----
Utah.....	266,812	266,812	-----
Vermont.....	166,292	166,292	-----
Virgin Islands.....	127,220	127,220	-----
Virginia.....	1,223,116	1,223,116	-----
Washington.....	607,145	607,145	-----
West Virginia.....	602,026	602,026	-----
Wisconsin.....	783,298	783,298	-----
Wyoming.....	139,914	139,914	-----
Institutions of higher learning.....	4,720,974	4,720,906	68
Total.....	45,000,000	44,178,753	821,247

Arizona did not participate in program in 1966.

912 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

*Grants for services for crippled children—Special projects for mentally retarded children, 1966*¹

California-----	\$127, 622	New York-----	\$125, 800
Hawaii-----	156, 630	Oregon-----	45, 675
Idaho-----	73, 223	Pennsylvania-----	236, 420
Illinois-----	64, 333	South Carolina-----	44, 307
Iowa-----	205, 706	Tennessee-----	4, 965
Michigan-----	150, 000		
Institutions of higher learning-----			2, 515, 251
Total, awards, fiscal year 1966-----			3, 749, 932

¹ These projects are financed from the \$3,750,000 earmarked for special projects for mentally retarded children.

Grants for child welfare services (including funds earmarked for day care services)—Funds available and grant awards, 1966

States	Fiscal year 1966		
	Available for grant awards to States ¹	Grant awards received by States	Balances June 30, 1966
Alabama	\$977,201	\$977,201	-----
Alaska	115,405	115,405	-----
Arizona	428,901	428,901	-----
Arkansas	566,742	566,742	-----
California	2,623,216	2,623,216	-----
Colorado	433,104	417,765	\$15,339
Connecticut	409,626	409,626	-----
Delaware	133,898	133,898	23
District of Columbia	155,976	155,953	-----
Florida	1,207,413	1,207,413	-----
Georgia	1,131,320	1,131,320	-----
Guam	89,031	89,031	-----
Hawaii	206,782	206,782	-----
Idaho	202,977	202,977	-----
Illinois	1,553,382	1,553,382	-----
Indiana	972,840	972,840	-----
Iowa	620,144	620,144	-----
Kansas	496,757	496,757	-----
Kentucky	848,678	848,678	-----
Louisiana	1,004,511	1,004,511	-----
Maine	266,722	257,761	8,961
Maryland	641,359	641,359	-----
Massachusetts	859,797	859,797	-----
Michigan	1,635,479	1,635,479	-----
Minnesota	800,311	800,311	-----
Mississippi	745,446	745,446	-----
Missouri	839,044	839,044	-----
Montana	221,169	221,169	-----
Nebraska	336,758	319,821	16,937
Nevada	122,333	122,333	-----
New Hampshire	193,046	176,305	16,741
New Jersey	1,014,620	1,014,620	-----
New Mexico	332,829	332,829	-----
New York	2,345,106	2,345,106	-----
North Carolina	1,294,041	1,293,973	68
North Dakota	220,122	220,122	-----
Ohio	1,905,916	1,905,916	-----
Oklahoma	602,904	602,904	-----
Oregon	345,545	345,545	-----
Pennsylvania	2,026,211	1,939,372	86,839
Puerto Rico	912,268	912,268	-----
Rhode Island	224,563	224,563	-----
South Carolina	771,842	771,838	4
South Dakota	236,465	231,169	5,236
Tennessee	981,805	981,805	-----
Texas	2,382,878	2,382,878	-----
Utah	317,822	317,822	-----
Vermont	144,905	144,433	472
Virgin Islands	91,236	90,787	448
Virginia	919,121	907,438	11,684
Washington	593,489	593,439	50
West Virginia	478,398	468,136	10,262
Wisconsin	883,755	883,755	-----
Wyoming	134,851	134,851	-----
Total	40,000,000	39,826,936	173,064

¹ The amount shown in this column represents the original allotments to the States adjusted by the reallocation of Federal funds in accordance with sec. 525 of the Social Security Act.

INTRODUCTION OF OFFICIALS

Senator HILL. Mrs. Oettinger.

We are glad to have you back with us. We will be happy to have you proceed in your own way.

Mrs. OETTINGER. I would like to introduce Dr. Charles P. Gershenson who is here with us today and is the new Director of Research, and Dr. Lesser and Mr. Fortney.

Senator HILL. We are glad to have you here.

Supposing your proceed.

BUDGET REQUEST INCREASES

Mrs. OETTINGER. The 1968 budget estimate of \$239,320,000 represents an increase of \$10.4 million over the appropriation for fiscal year 1967. This increase is composed of an additional amount of \$5 million over the 1967 appropriation for medical care for preschool and school-age children in low-income areas, an increase of \$3 million for training of professional health personnel to work with crippled children, particularly mentally retarded children, and \$2.4 million primarily to provide additional support for research or demonstration projects in child welfare and research directed toward improvement of health services for mothers and children.

BUDGET BUREAU REDUCTIONS

Senator HILL. The Budget Bureau cut you down from your original request, did they not?

Mrs. OETTINGER. Yes; they did.

Senator HILL. Where will that reduction be mostly?

Mrs. OETTINGER. That reduction will be felt in areas of child welfare services, in the maternal and health services, and in crippled children's services.

Dr. LESSER. The maternal and child health allowance was \$5 million less than we requested of the Bureau of the Budget. Services for crippled children was \$5 million less and child welfare services was \$9 million less.

There were differences also in research and training of professional personnel.

Senator HILL. How would your overall total compare with the present fiscal year?

Mr. CARDWELL. The 1967 appropriation is \$228,900,000 compared to the 1968 request for \$239,320,000.

Senator HILL. An increase of about \$11 million.

You may proceed.

EARLY IDENTIFICATION OF AND CARE FOR CHILD DEFECTS

Mrs. OETTINGER. The projects providing comprehensive health care for children and youth emphasize organization of personnel and facilities and methods of delivering care in order to assure early identification of children needing health care, removal of barriers to that care and full utilization of an advancing medical knowledge in behalf of children in low-income families who would otherwise suffer acute ill-

ness with little or no care and spend their childhood handicapped by correctable defects. Children enrolled in the project have their medical and dental needs cared for.

From early identification through treatment and any necessary followup the project serves as the family physician and either provides or arranges to have provided all those services needed. Significant new relationships are developing among health departments, medical schools, and teaching hospitals as the medical schools and teaching hospitals through these projects move out into the community and coordinate their services to children with all other health services available in the community.

Senator HILL. That is good, is it not?

Mrs. OETTINGER. We think it is a splendid opportunity to bring to the minds of the community the need for these close interrelationships.

Senator HILL. I would think so.

OLD AND NEW PROJECTS

Mrs. OETTINGER. The \$40 million requested will continue the approximately 30 projects approved in 1966 and 1967 and will allow about \$5 million to initiate an estimated six new projects in 1968.

TRAINING PROGRAMS

A portion of the maternal and child health and crippled children's grant funds are used to support training programs at institutions of higher learning to help provide manpower needed for these programs. However, a major obstacle to extension of health services for children, particularly mentally retarded children, is manpower.

Senator HILL. Isn't that quite a problem today?

Mrs. OETTINGER. Indeed, it is a problem in the individual communities and in the larger research facilities that are being built for the study of situations surrounding these mentally handicapped children.

Hence, a new authorization, the primary purpose of which is to support training in the university-affiliated mental retardation centers was authorized to begin with the fiscal year 1967. These centers will be resources for the clinical training of physicians and other specialized personnel necessary for research, diagnosis, training, or care of the mentally retarded. Seven million dollars is requested for this purpose in fiscal year 1968.

PROBLEMS OF IMMEDIATE CONCERN

Research grants in the child health program are focused on problems of immediate concern to program planning and operation. Studies such as those of infant mortality rates, by counties, over nearly half a century and analysis of county rates in relation to health manpower, facilities, and social and economic variables such as income levels are basic to future child health planning.

GROUP CARE PROGRAMS

A study of the health care of children in group care programs has immediate significance for day-care centers, Headstart programs, nursery schools, and other preschool programs for children. With an in-

crease of \$1.2 million in 1968, we will see an emphasis on research into problems of manpower training and utilization, systems of care, and cost-benefit determinations.

RESEARCH AND DEMONSTRATION

For the research and demonstration training projects in child welfare an increase of \$1.2 million is requested, of which an increase of \$1 million is requested for Research and Training Centers at schools of social work. These projects are truly innovative. They are analogous to the teaching and research hospital for a medical school.

As they become laboratories for the development of new ideas in theory and practice, their impact will extend through the field of social work. Thus the effect of such centers upon both teaching and practice in child welfare can only result in improved services for children.

BUDGET REQUEST

Amounts requested for grants-in-aid to the States for maternal and child health services, services for crippled children, and child welfare services are the same as amounts appropriated for these programs for the fiscal year 1967—\$146 million. These funds, together with matching State and local funds, will provide preventive health services for mothers and infants, diagnosis and treatment, including hospitalization for crippled children, and a wide range of preventive and protective social services to children in their own homes or in foster care.

MENTALLY RETARDED CHILDREN

The child health programs will also provide clinical services for mentally retarded children through the 134 clinics for such children supported by Children's Bureau funds. It is expected that \$8.5 million will be earmarked for mentally retarded children and that total expenditures for mentally retarded children from child health funds will be about twice that amount.

STATE CHILD WELFARE SERVICES

States are also moving ahead to make child welfare services available to children throughout the State who need them.

Senator HILL. Haven't they been awfully slow in doing something about child welfare services?

Mrs. OETTINGER. Yes; they have been slow but now with the mandatory statewide coverage by 1967 I think that has stimulated the States to immediate effort and each year is reflecting an increase.

Senator HILL. An effort that they did not make in past years; is that right?

Mrs. OETTINGER. For a long time they pivoted around the 50, 52 percent of counties with these full-time services. Now we are up to 66 percent. The previous year it was 62 percent. So, you see, it is forward moving all the time.

In 1965, 115 additional counties, making a total of 2,114 or approximately 66 percent of all counties had full-time public child welfare services available.

SPECIAL PROJECTS GRANTS

The amounts requested for special project grants for medical and hospital care for "high risk" mothers and their infants is \$30 million, the same amount as in fiscal year 1967. These projects are aimed at helping to reduce the incidence of mental retardation and other handicapped conditions associated with prematurity and other complications of child bearing.

Ten of the projects, which provide high quality medical and hospital care for mothers and their babies, serve our 10 largest cities. Ten serve predominantly rural areas, and the remaining 31 approved by the end of fiscal year 1966 serve smaller cities or a combination of small cities and urban areas. By June 30, 1966, about 118,000 prospective mothers had received services under the program; about 8,000 mothers a month are being admitted to the program.

Senator HILL. When did we start this program?

Mrs. OETTINGER. In 1963.

Dr. LESSER. The appropriation became available in the spring of 1964.

Senator HILL. 1964?

Dr. LESSER. Yes. It is a 5-year authorization.

Senator HILL. Up to then we had not done too much; is that right?

Dr. LESSER. That is right; yes, sir.

Mr. OETTINGER. That is true specifically for the groups that we are identifying as high risk. The maternity and infant care program holds promise of cutting down our infant mortality rate and certainly our mental retardation and morbidity rate among these babies who are susceptible to especially vulnerable situations.

FAMILY PLANNING SERVICES

Family planning services are offered as an integral part of the projects. From cities with large projects which have been in operation for a full year, we are beginning to get indications that the projects may be having an impact on the excessively high infant mortality rates.

Senator HILL. That is encouraging, is it not?

Mrs. OETTINGER. We believe it is a step in the direction that may make a great deal of difference, particularly as we become more able to identify the concentrations of areas where the highest health deprivation exists for youngsters.

ORIGINAL ARTICLES

THE EFFECT OF VITAMIN DEFICIENCY ON THE GROWTH OF THE RAT
By E. V. McCollum, M. D., and L. B. Bickel, M. D.
From the Department of Nutrition, University of Wisconsin, Madison, Wis.
(Received for publication, February 1, 1919.)

The purpose of this investigation was to determine the effect of a deficiency of vitamin A on the growth of the rat. The rats were divided into two groups, one of which was fed a diet deficient in vitamin A, and the other a diet containing a normal amount of this vitamin. The results showed that the rats fed the deficient diet grew much more slowly than those fed the normal diet. This was true for both the weight and the length of the animals. The deficiency of vitamin A also caused a marked decrease in the amount of food eaten by the rats. These results are in agreement with those obtained by other investigators, who have shown that a deficiency of vitamin A causes a general wasting of the body.

The following table shows the results of the experiment:

Group	Weight (gms.)	Length (cm.)	Food eaten (gms.)
Normal diet	150	18	10
Deficient diet	100	12	5

REPORTS OF CASES

THE EFFECT OF VITAMIN DEFICIENCY ON THE GROWTH OF THE RAT
By E. V. McCollum, M. D., and L. B. Bickel, M. D.
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Group	Weight (gms.)	Length (cm.)	Food eaten (gms.)
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CHILDREN'S BUREAU, SALARIES AND EXPENSES

STATEMENT OF MRS. KATHERINE B. OETTINGER, CHIEF, ACCOMPANIED BY ARTHUR J. LESSER, M.D., DEPUTY CHIEF, AND CHARLES P. GERSHENSON, DIRECTOR, DIVISION OF RESEARCH; GORDON FORTNEY, ADMINISTRATIVE OFFICER; JOSEPH H. MEYERS, ACTING COMMISSIONER OF WELFARE; ELMER W. SMITH, EXECUTIVE OFFICER, WELFARE ADMINISTRATION; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

CHILDREN'S BUREAU, SALARIES AND EXPENSES

For necessary expenses in carrying out the Act of April 9, 1912, as amended (42 U.S.C., ch. 6), and title V of the Social Security Act, as amended (42 U.S.C. ch. 7, subch. V), including purchase of reports and material for the publications of the Children's Bureau and of reprints for distribution, **[\$5,331,000]** \$6,485,000: *Provided*, That no part of any appropriation contained in this title shall be used to promulgate or carry out any instructions, order, or regulation relating to the care of obstetrical cases which discriminate between persons licensed under State law to practice obstetrics: *Provided further*, That the foregoing proviso shall not be so construed as to prevent any patient from having the services of any practitioner of her own choice, paid for out of this fund, so long as State laws are complied with: *Provided further*, That any State plan which provides standards for professional obstetrical services in accordance with the laws of the State shall be approved.

Amounts available for obligation

	1967	1968
Appropriation.....	\$5,331,000	\$6,485,000
Comparative transfer from "Juvenile Delinquency and Youth Offenses".....	813,000	-----
Total.....	6,144,000	6,485,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
State and local health services for children.....	126	\$1,679,373	136	\$1,926,372	+10	+\$246,999
State and local social services for children.....	69	845,823	76	980,118	+7	+134,295
Technical assistance to States and communities for juvenile delinquency programs.....	60	1,161,023	60	1,001,002	-----	-160,021
Research in child life and services for children.....	54	538,628	60	617,457	+6	+78,829
Information for parents and others working with children.....	23	542,278	23	594,157	-----	+51,879
Mental retardation services for children.....	59	722,089	59	774,965	-----	+52,876
Administration.....	45	458,286	53	590,929	+8	+132,643
Total obligations.....	436	5,947,500	467	6,485,000	+31	+537,500
Unobligated balance, reserve.....	-----	196,500	-----	-----	-----	-196,500
Total, obligations and balance.....	436	6,144,000	467	6,485,000	+31	+341,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	436	467	+31
Full-time equivalent of all other positions.....	6	9	+3
Average number of all employees.....	380	425	+45
Personnel compensation:			
Permanent positions.....	\$4, 159, 205	\$4, 670, 219	+\$511, 014
Positions other than permanent.....	63, 500	96, 300	+32, 800
Other personnel compensation.....	17, 000	17, 000	-----
Total personnel compensation.....	4, 239, 705	4, 783, 519	+543, 814
Personnel benefits.....	291, 783	333, 866	+42, 083
Travel and transportation of persons.....	419, 725	517, 475	+97, 750
Transportation of things.....	24, 000	28, 000	+4, 000
Rents, communications and utilities.....	101, 290	93, 865	-7, 425
Printing and reproduction.....	459, 300	458, 300	-1, 000
Other services.....	342, 195	183, 445	-158, 750
Supplies and materials.....	37, 485	41, 610	+4, 125
Equipment.....	32, 017	44, 920	+12, 903
Total obligations by object.....	5, 947, 500	6, 485, 000	+537, 500

Summary of changes

1967 enacted appropriation.....	\$5, 331, 000
Comparative transfer from "Juvenile delinquency and youth offenses"	813, 000
Unobligated balance, reserve.....	-196, 500
1967 total estimated obligations.....	5, 947, 500
1968 estimated obligations.....	6, 485, 000
Total change.....	+537, 500

	Base		Changes from base	
	Posi- tions	Amount	Posi- tions	Amount
INCREASES				
A. Built-in: Carry 1967 jobs in 1968.....				\$440, 413
B. Program:				
1. Health services for children.....	126	\$1, 679, 373	10	119, 570
(a) Expand consultative staff on dental services for children (3 professional, 3 clerical).....				(73, 751)
(b) Strengthen specialized services for medical care administration (1 professional).....				(15, 486)
(c) Project grant administration (1 professional, 2 clerical).....				(30, 333)
2. Social services for children: Augment services in selected areas of technical assistance.....	69	845, 823	7	55, 831
(a) Protective services for abused or neglected children (1 professional, 1 clerical).....				(15, 917)
(b) Day care services for children (1 professional, 1 clerical).....				(14, 714)
(c) Homemaker services for children (1 pro- fessional, 1 clerical).....				(14, 714)
(d) Foster care (1 professional).....				(10, 486)
3. Research services.....	54	538, 628	6	53, 095
(a) Improve capacity to evaluate grant programs (3 professional, 2 clerical).....				(41, 406)
(b) For implementation of planning, programing and budgeting activities (1 professional).....				(11, 689)
4. Administration.....	45	458, 286	3	27, 903
(a) For consultation on youth services (1 pro- fessional).....				(11, 689)
(b) For administrative and fiscal management activities (2 professional).....				(16, 214)
5. White House Conference on Children and Youth: For preparatory work on the 1970 White House Conference on Children and Youth (3 professional, 2 clerical).....			5	77, 601
Total program increases.....			31	334, 000
DECREASES				
1. Nonrecurring costs of contracts for studies, and printing associated with level and kind of activity administered in fiscal year 1967 under the "Juvenile Delinquency and Youth Offenses" appropriation.....				-187, 000
2. Other nonrecurring costs.....				-49, 913
Total decreases.....				-236, 913
Total net change requested.....			+31	+537, 500

EXPLANATION OF CHANGES

1. *Health services for children.*—Ten new positions, five professional and five clerical, are requested to provide additional dental consultation to the regions especially as it pertains to the new program of grants for health services to school and preschool children, and to provide consultation and services in medical care administration and staff to handle the increased workloads resulting from the enactment of the 1965 Social Security Amendments.

2. *Social services for children.*—Seven new positions, four professional and three clerical, are requested to provide staffing in specialized areas of child welfare, such as protective services for neglected, abused and exploited children, day care services, foster care and homemaker services.

3. *Research services.*—Six new positions, four professional and two clerical, are requested to provide for planning, programming and budgeting activities and to analyze and evaluate the Bureau's research and demonstration grants programs and the child welfare services program.

4. *Administration.*—Three new positions, one for consultation on youth services and two for administrative and fiscal management activities, are requested.

5. *White House Conference on Children and Youth.*—Three professional and two clerical positions are requested for preparatory work on the 1970 Conference.

Explanation of Transfers

	1967 estimate	1968 estimate	Purpose
Comparative transfer from: Juvenile delinquency and youth offenses.	\$813,000	-----	To relate the activities of the Office of Juvenile Delinquency and Youth Development more closely to the technical assistance activities of the Children's Bureau conducted under its Organic Act of 1912 and to provide for an orderly termination of those aspects of the program which are authorized through June 30, 1967.

Justification of estimate, 1968

	1967 estimate ¹		1968 estimate ¹		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits-----	436	\$4,531,488	467	\$5,117,385	+31	+\$585,897
Other expenses-----		1,416,012		1,367,615		-48,397
Total-----	436	5,947,500	467	6,485,000	+31	+537,500

¹ Includes 33 positions and \$813,000 in 1967 and 33 positions and \$640,000 in 1968 in comparative transfer from the appropriation "Juvenile delinquency and youth offenses."

GENERAL STATEMENT

The legal authority of the Children's Bureau for serving the children of the United States is contained in the basic act of April 9, 1912 creating the Bureau (42 U.S.C., Ch. 6) and in title V of the Social Security Act under delegations by the Secretary of the Department of Health, Education, and Welfare and the Commissioner of Welfare (42 U.S.C., Ch. 7, Subch. V).

Under the basic act of 1912, the Bureau is charged with investigating and reporting "upon all matters pertaining to the welfare of children and child life among all classes of our people." The Bureau studies many types of conditions affecting the lives of children, compiles data and makes recommendations to improve practices in child health and child welfare programs, and helps establish standards for the care of children.

Under title V of the Social Security Act, as amended, the Bureau administers grants for eight programs: (1) maternal and child health services; (2) services for crippled children; (3) child welfare services; (4) research, training or demonstration projects in child welfare; (5) special project grants for maternity and infant care; (6) special project grants for health of school and preschool children; (7) training of professional personnel for the care of crippled children, particularly mentally retarded children and children with multiple handicaps; and (8) research projects relating to maternal and child health and crippled children's services. For fiscal year 1968, a total of \$239,320,000 is requested for these programs.

In administering these grants the Bureau works with State and local health and welfare departments, crippled children's agencies, institutions of higher learning including medical schools and teaching hospitals, and agencies and organizations engaged in child health and welfare research.

The Bureau in carrying out its other functions works with voluntary child health and welfare agencies and with professional and civic organizations. It maintains a continuing close working relationship with the National Committee on Children and Youth and with the Council of National Organizations, the membership of which is made up of national voluntary agencies concerned with children and youth.

The Bureau provides the secretariat for the Interdepartmental Committee on Children and Youth which is made up of 12 Federal departments and independent agencies with representatives from 38 operating units of these departments and agencies whose programs affect children and youth.

The Bureau cooperates with other nations in the furtherance of health and welfare activities for mothers and children. It makes plans for long-term and short-term trainees and observers from other countries who come to the United States through the United Nations, World Health Organization, The Agency for International Development, or independently. Upon request, the Bureau assists in the recruiting of maternal and child health and child welfare personnel for service abroad.

Program Emphases for 1967 and 1968

In 1967 and 1968, the Children's Bureau will continue to give priority to programs for handicapped children, including mentally retarded children and for mothers and children living in areas with concentrations of low-income families. In these years special attention will also be given to initiating the new program for training personnel for services for crippled children, particularly mentally retarded children and children with multiple handicaps.

It is necessary in 1967 as in 1966 for the Children's Bureau to provide the States and local communities with information about the new programs authorized by the 1965 Amendments, to develop guides and standards which will govern project approval and expenditure of grant funds under these new programs, and to develop policies and procedures. In addition to the new programs, the Amendments added two requirements for the ongoing maternal and child health and crippled children's programs: (1) that a State must make a satisfactory showing that it is extending the provision of services, and (2) must provide for payment of reasonable cost of inpatient hospital services provided under the State plan.

In their ongoing activities in 1967 the Divisions will continue to give special attention to comprehensive health services for preschool and school age children; to dental care; to the development of homemaker service, day care services, and foster care for children who must be cared for away from their own families; and to services for delinquent youth.

The 1968 estimate provides for evaluation of the Bureau's expanding grant programs, for intensified administrative support of the new programs provided by the 1965 Social Security Amendments and for the development of the planning-programming-budgeting activity within the Children's Bureau. Staff is also requested for increased efforts in dental services, protective services for neglected and abused children, foster care, day care services, homemaker services and youth services. In addition, a staff increase is requested for preparatory work for the 1970 White House Conference on Children and Youth.

The justification, by activity, which follows provides for a total of 467 positions for 1968. This is an increase of 31 positions over 1967. A list of new positions requested in 1968 appears at the end of the justification.

New positions requested, fiscal year 1968

	Grade	Annual salary
State and local health services for children:		
Dental officer (regional) (3)	GS-14	\$45,318
Specialist on medical care administration (regional)	GS-13	12,873
Plans analyst	GS-9	7,696
Fiscal clerk	GS-7	6,451
Secretary	GS-5	5,331
Secretary (regional) (3)	GS-5	15,993
Subtotal (10)		93,662
State and local social services for children:		
Consultant on protective services	GS-14	15,106
Day care consultant	GS-13	12,873
Foster care consultant	GS-13	12,873
Homemaker services consultant	GS-13	12,873
Secretary (3)	GS-5	15,993
Subtotal (7)		69,718
Research in child life and services for children:		
Program analyst	GS-14	15,106
Research grants analyst	GS-14	15,106
Child welfare analyst (2)	GS-13	25,746
Secretary	GS-6	5,867
Clerk	GS-5	5,331
Subtotal (6)		67,156
Administration:		
White House conference:		
Conference director	GS-15	17,550
Associate director for factfinding	GS-15	17,550
Administrative assistant	GS-11	9,221
Secretary (2)	GS-7	12,902
Subtotal (5)		57,223
Youth services: Consultant on youth services	GS-14	15,106
Administrative and fiscal management:		
Administrative analyst	GS-13	12,873
Accounting and fiscal assistant	GS-9	7,696
Subtotal (2)		20,569
Total, administration (8)		92,898
Total new positions, all activities (31)		323,434

INTRODUCTION OF OFFICIALS

Senator HILL. Now you are going to address yourself to salaries and expenses.

Mrs. OETTINGER. Despite the abundance enjoyed by most Americans and the great gains on many fronts in making social and economic opportunity available to increasing numbers of people, barriers to the health growth and development of many of our children still remain. Nearly one-third of our people, about 70 million, are under 18—and nearly 15 million of these live in poverty.

In an increasing proportion of families children are reared by only one parent; a growing number of mothers are working outside the home. Infant mortality rates are higher among the low-income groups than among the total population. While decreasing nationally, the infant mortality rates show significant increases in some of the very large cities.

The increase in juvenile delinquency cases exceeds the increase in the child population. Public and voluntary social agencies and hospital and health department clinics struggle with family breakdown, child abuse and neglect, births out of wedlock, and children born into deprivation or handicapped from birth.

The Children's Bureau programs are part of the Nation's commitment to using part of its abundance to enhance the quality of life for its children.

BUDGET BUREAU REDUCTION

Senator HILL. The Bureau of the Budget cut you down quite a bit, didn't they?

Mrs. OETTINGER. There are significant changes.

Senator HILL. A reduction of \$603,000, I believe, according to the figures I have before me.

Mr. SMITH. The Bureau of the Budget reduction was \$603,000 and 41 positions, Mr. Chairman.

WORKLOAD

Mrs. OETTINGER. In addition to its charge under the basic act of 1912 to "investigate and report upon all matters pertaining to the welfare of children and childlife among all classes of our people" the Bureau, administers grants for eight programs authorized under title V of the Social Security Act designed to improve public health and welfare services for children. Three grant-in-aid programs make funds available to State health and welfare agencies to help States strengthen and expand their maternal and child health, crippled children's and child welfare services programs.

Supplementing these State grants-in-aid, two programs of special projects, one for maternity and infant care and the other for comprehensive health services for preschool and school-age children, provide high quality medical care including diagnosis, treatment and followup to high-risk mothers and their infants and to children and youth in low-income areas who would not otherwise receive such care.

Research grant programs—one relating to maternal and child health and crippled children's services and the other to the child welfare program, and training programs to help increase the manpower available for both child health and child welfare, round out the Bureau's grant programs.

PROGRAM EXPANSIONS

The 1968 budget request for salaries and expenses provides for increased emphases on program data collection and analysis and on evaluation of expanding grant-in-aid programs and special project programs. It also provides for additional technical assistance and guidance to State health and welfare agencies administering the maternal and child welfare provisions of the Social Security Act and for strengthened administrative support of the new programs initiated under the 1965 amendments to the Social Security Act.

POSITION INCREASES

The positions requested for increasing the Bureau's assistance to States include specialists for advising on dental services for mothers and children and for providing consultation in protective services, day care, foster care, and homemaker services.

Increased emphasis will be given in the health and welfare programs of the Bureau to services for youth. One position is requested to provide assistance to State and local communities in developing family life education programs to help the substantial number of young people who are now marrying and becoming parents at younger ages.

WHITE HOUSE CONFERENCE ON CHILDREN AND YOUTH

Staff for the preparatory work for the White House Conference on Children and Youth is also requested. Six White House Conferences—one in each decade—have been held under Presidential auspices.

Senator HILL. When is your next one, your next Conference scheduled?

Mrs. OETTINGER. In 1970; in March of that year.

They have provided a nationwide analysis of the status of children and youth, established objectives and mobilized national effort for children. The President has announced the Conference and asked the Secretary to begin the advance planning. A conference director, an associate for factfinding and supporting administrative staff are requested to initiate the leadership necessary for advance planning for the 1970 Conference.

Senator HILL. The budget provides for that?

BUDGET REQUEST

Mrs. OETTINGER. Yes.

In total, the 1968 budget estimate for salaries and expenses is \$6,485,000 which represents an increase of \$537,000 over the comparable level of obligations for fiscal year 1967. These funds will provide support for 31 additional positions to strengthen program services and program management, to initiate developmental work for the 1970 White House Conference, and to finance the additional costs for staff authorized for part of the year in fiscal year 1967.

Senator HILL. Will these reductions made by the Budget Bureau impair your work?

Mrs. OETTINGER. Well, we will have to postpone some of the expansion and development that we would like to undertake.

Senator HILL. What will be the most important postponement?

Mrs. OETTINGER. That is always a difficult choice to make but the child welfare grant postponement constitutes a larger amount than some of the others.

Senator HILL. Is there anything else you would like to add?

Mrs. OETTINGER. I think not.

Senator HILL. Is there anything you would like to say, sir.

Mr. GERSHENSON. Nothing except just to say that I am impressed.

PROGRAMMATIC RESEARCH DEVELOPMENT

Mrs. OETTINGER. Dr. Gershenson has been giving us leadership in the development of programmatic research which will give us an opportunity to determine what matters are most important to concentrate on to be sure to bring to bear all the resources of the various parts of the country upon these new areas of concentration.

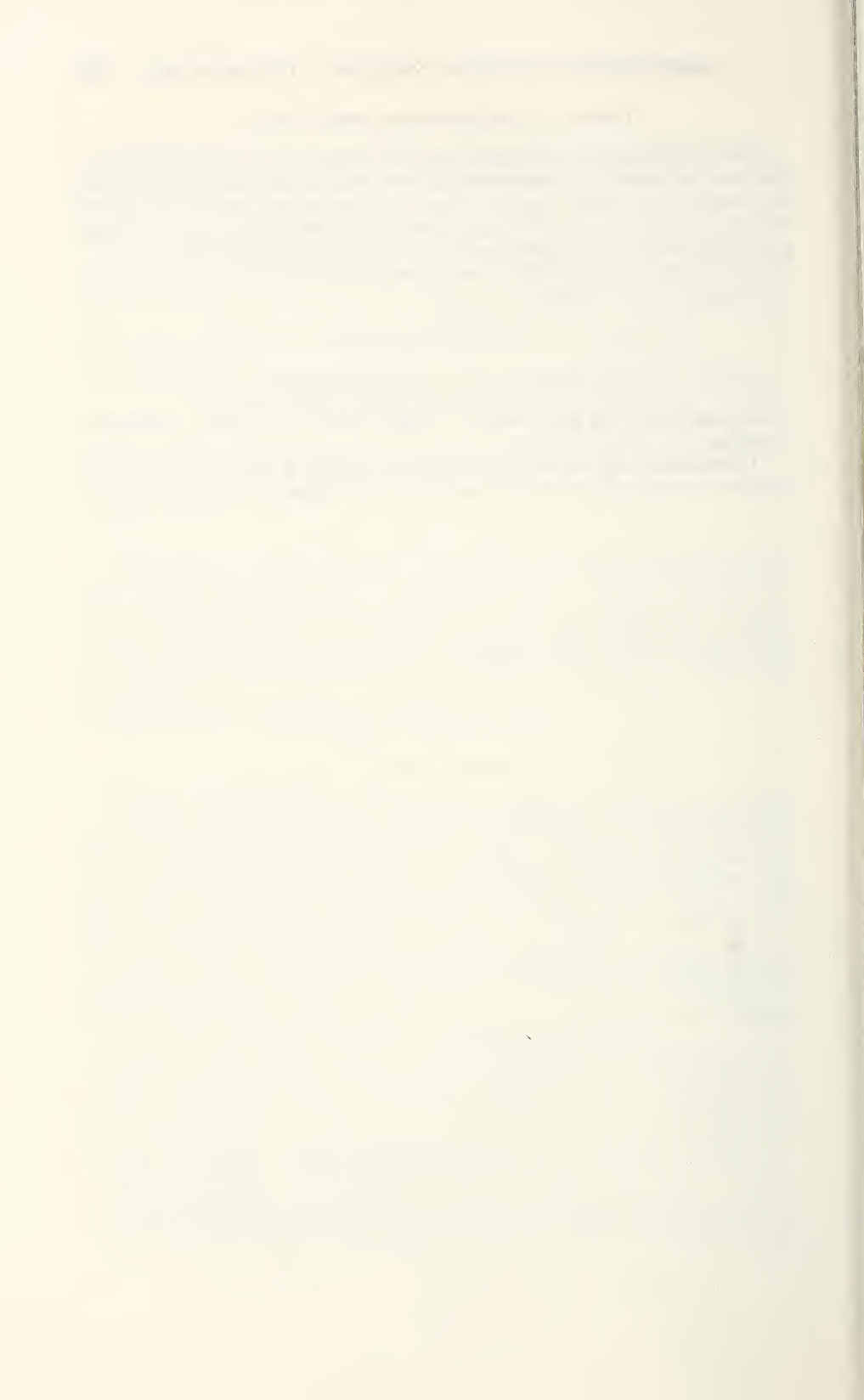
Mr. MEYERS. I just want to thank you very much, Mr. Chairman, for listening to us so patiently.

SUBCOMMITTEE RECESS

Senator HILL. It has been very, very enlightening. It certainly has been. You have presented some very splendid statements.

The meeting will now stand in recess until 10 o'clock, Thursday morning.

(Whereupon, at 12:10 p.m., Tuesday, April 4, 1967, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, April 6, 1967.)



DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPRO- PRIATIONS FOR FISCAL YEAR 1968

THURSDAY, APRIL 6, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, New Senate Office Building, Hon. Lister Hill (chairman) presiding.

Present: Senator Hill.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

AMERICAN PRINTING HOUSE FOR THE BLIND

STATEMENT OF JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER

APPROPRIATION ESTIMATE

"SPECIAL INSTITUTIONS

"AMERICAN PRINTING HOUSE FOR THE BLIND

"For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101-105),
[\$1,027,500] \$1,225,000."

Amounts available for obligation

	1967	1968
Appropriation.....	\$1, 027, 500	\$1, 225, 000

Obligations by activity

Description	1967, estimate	1968, estimate	Increase or decrease
Grants for education of the blind:			
(a) Educational materials.....	\$952, 500	\$1, 150, 000	\$197, 500
(b) Expenses related to advisory committees.....	75, 000	75, 000	-----
Total obligations.....	1, 027, 500	1, 225, 000	197, 500

Obligations by object

	1967, estimated	1968, estimated	Increase or decrease
Grants, subsidies, and contributions.....	\$1, 027, 500	\$1, 225, 000	+\$197, 500

Summary of changes

1967 enacted appropriation-----	\$1, 027, 500
1968 estimated obligations-----	1, 225, 000
Total Change -----	+197, 500

Increase	Base	Changes to base
Program: For an additional 590 eligible blind pupils and for all 1967 base pupils (19,250) at \$58.46 per capita in 1968-----	\$1, 027, 500	+\$197, 500
Total change requested-----		+197, 500

EXPLANATION OF CHANGES

Educational materials.—The increase of \$197,500 will supply eligible blind pupils with educational materials valued at \$58.46 per capita. This rate is an increase of \$8.46 over the estimated cost for 1967 for 19,250 pupils and provides for an additional 590 pupils in 1968 at the same rate. The increase per capita is due in part to increased pay costs resulting from the higher minimum wage rate.

I. GENERAL STATEMENT

A. Background

The American Printing House for the Blind was chartered by the State of Kentucky in 1858 for the nonprofit manufacture of books and appliances for use in the education of blind children in special schools for the blind. In 1879, the Congress passed an Act "to promote the Education of the Blind" providing for a permanent annual appropriation of \$10,000. In 1919, an Act provided for an annual authorization of appropriations. The authorized amount was increased through a series of amendments until it reached \$400,000 in 1959 where it remained until fiscal year 1962. Early in fiscal year 1962, the most recent amendment (P.L. 87-294) (1) removed the statutory limitation entirely, and (2) provided that a reasonable sum of the annual appropriation might be used for salaries and expenses relating to advisory committees, consultants, and field services.

B. Allocation of Funds

In administering the appropriation, the Printing House obtains a certified registration from each public institution for the education of the blind and from each chief State school officer for blind pupils enrolled in public educational institutions and classes. These certificates of registration of the number of blind pupils as of the first Monday in January are used for computing the ratio of each pupil registered against the aggregate of the registrations.

This ratio is then applied to the total of the annual and permanent appropriations, less the amount earmarked for expenses relating to advisory committees, etc., in order to determine the quota credit to be given to each public institution for the education of the blind and to each chief State school officer. Against this credit, books and materials are shipped to the schools for the blind on order from their superintendents and to State departments of education on order from chief State school officers. So that the needs of the schools may be promptly and efficiently met, the Printing House maintains at its own expense a continuing open stock inventory valued at approximately \$1,000,000.

II. DETAILS OF BUDGET REQUEST

A. The 1968 Estimate in Brief

The request for 1968 is \$1,225,000 of which \$75,000 is estimated for staff salaries and other expenses related to the activities of advisory committees, consultants and field service. The remainder of \$1,150,000, when taken together with the \$10,000 permanent appropriation and applied to an estimated 19,840 eligible blind pupils, will provide a per capita rate of \$58.46 for an increased number of recipients in fiscal year 1968. Due to current rapidly rising costs of production throughout the country, which affects Printing House costs as well, the increased

rate is necessary to provide the equivalent materials to blind pupils that the \$40.00 rate provided in 1962. (The rate also takes into account additional cost increases due to the passage of a new Minimum Wage law by Congress.)

B. Planning Assumptions

1. Number of blind pupils

Based on educated professional knowledge, it is expected that the numbers of blind pupils who will be eligible for benefits under the Act "To Promote the Education of the Blind" will continue to rise—for two reasons: The population explosion itself; plus the fact that concerted efforts are now growing to provide adequate educational and training facilities for the multi-handicapped blind child—the deaf-blind, the cerebral-palsied child, the mentally retarded blind, the brain-damaged blind child, and the blind child with emotional disturbances. In January, 1964, approximately 1,500 multi-handicapped blind children were registered with the Printing House. In January, 1965, the number had climbed to 1,960. While figures are not yet finalized for the registration as of January, 1966, indications are that the numbers will again be increased. More particularly, it should be noted that, while the large generation of children blinded by retrolental fibroplasia will begin to graduate from high school within the next five or six years, their places will be taken at the primary level by a possibly comparable number of children born blind because of the rubella (German measles) epidemic in 1964 which, by various estimates, has produced between 20,000 and 30,000 handicapped children, of which a substantial proportion can be expected to be visually impaired. These children should be reaching school age within the next four to five years.

2. Per capita rate

A Department of Health, Education, and Welfare study completed in 1958 concluded that a per capita rate of \$40.00 was at that time necessary to supply eligible blind pupils with educational materials minimally comparable to those provided sighted pupils. The table on page 932 sets forth the necessary per capita rate increase which have been granted since that time, with a per capita of \$58.46 for 1968, to keep up with this minimal demand for materials.

What the table does not show is that:

(a) Modern educational procedures now require a far greater variety of supplementary and educationally enriching books and aids than the basic core of textbooks which the \$40.00 provided in 1962, and that this is particularly true for blind students.

(b) The demand (particularly by public school classes for the seeing which enroll blind students), for a wider variety of even basic textbook materials tends to reduce the demand for individual texts, and thus increases unit costs for every item.

(c) Innovations and improvements in the methods of producing books and educational devices for the use of the blind or partially sighted, on the one hand make possible the provision of many new and badly needed items, but do not at the same time necessarily reduce costs, but may increase them in order to provide more useful and effective products.

(d) The Printing House, during the past year (at its own expense of approximately \$500,000) has enlarged its building, equipment, and personnel facilities in order to be in a position to manufacture these needed additional materials and to use more modern and effective methods of production.

The result, therefore, is that just meeting the increased costs for the basic minimal materials which \$40.00 would provide in 1962 will no longer suffice, and additional per capita funds must be made available for the necessary upgrading of materials to meet modern educational requirements.

C. Expenses for Advisory Committees, Consultants, and Field Services

The 1961 Amendments for the first time authorized appropriations to the Printing House to provide for staff salaries, consultants, and other expenses related to the work of three advisory committees. These committees, respectively concerned with research, publications and tangible apparatus, are responsible for determining what educational materials are supplied to eligible blind pupils through the Federal appropriation.

Additionally, these funds make possible by the Printing House the provision of field representative assistance to colleges and universities conducting training programs for teachers of the blind. More directly, the Printing House field rep-

representatives meet with administrators in schools for the blind and state departments of education, and, perhaps more importantly, with individual teachers of the blind (both in residential schools and public schools situations), to advise them on facilities and materials available for blind children. Consultants are also used to work out interchanges of educational materials on a national basis. In summary, the following distribution reflects the anticipated use during 1967-1968 of the \$75,000 requested for these services:

	<i>1967-68 estimate</i>
Salaries and related costs of nine staff positions.....	\$53,700
Travel of Printing House Committees.....	2,500
Staff travel and consultant travel and fees.....	18,800
Total	75,000

TABLE I.—Enrollments and per capita grants

	Enrollment of eligible blind pupils	Per capita grant for pupils from Federal appro- priation (in- cludes perma- nent appro- priation)
1951 actual.....	5,757	\$21.71
1952 actual.....	6,145	20.34
1953 actual.....	6,343	29.17
1954 actual.....	6,535	28.31
1955 actual.....	7,041	30.53
1956 actual.....	7,520	31.12
1957 actual.....	7,989	30.04
1958 actual.....	11,183	30.22
1959 actual.....	12,024	34.10
1960 actual.....	13,491	30.39
1961 actual.....	14,762	27.77
1962 actual.....	15,973	40.00
1963 actual.....	16,841	42.04
1964 actual.....	17,330	42.93
1965 actual.....	18,093	44.22
1966 actual.....	18,727	50.20
1967 estimate.....	19,250	50.00
1968 estimate.....	19,840	58.46

TABLE II.—Federal aid to States, territories and possessions and the number of pupils registered for each year (for the years ending June 30, 1965-68)

	Number of pupils first Monday in January			Appropriation for fiscal year		
	Actual, 1965	Actual, 1966	Projected, 1967	Actual, 1966	Projected, 1967	Projected, 1968
Alabama.....	362	350	361	\$18,170.93	\$17,500.00	\$21,104.06
Alaska.....	4	2	2	200.78	100.00	116.92
Arizona.....	169	166	171	8,483.11	8,300.00	9,996.66
Arkansas.....	210	198	204	10,541.15	9,900.00	11,925.84
California.....	1,771	1,882	1,940	88,897.03	94,100.00	113,412.40
Colorado.....	236	230	237	11,847.25	11,500.00	13,855.02
Connecticut.....	406	414	427	20,379.55	20,700.00	24,962.42
Delaware.....	52	58	60	2,610.19	2,900.00	3,507.60
Florida.....	546	557	574	27,406.99	27,850.00	33,556.04
Georgia.....	448	459	473	22,487.78	22,950.00	27,651.58
Hawaii.....	67	82	85	3,363.13	4,100.00	4,969.10
Idaho.....	28	29	30	1,405.49	1,450.00	1,753.80
Illinois.....	875	839	865	43,921.47	41,950.00	50,567.90
Indiana.....	368	379	391	18,472.11	18,950.00	22,857.86
Iowa.....	262	276	284	13,151.34	13,800.00	16,602.64
Kansas.....	349	369	380	17,518.39	18,450.00	22,214.80
Kentucky.....	238	242	249	11,946.64	12,100.00	14,556.54
Louisiana.....	335	340	350	16,815.65	17,000.00	20,461.00
Maine.....	63	78	80	3,162.35	3,900.00	4,676.80
Maryland.....	480	435	448	24,094.06	21,750.00	26,190.08
Massachusetts.....	633	666	686	31,774.04	33,300.00	40,103.56
Michigan.....	729	757	780	36,592.85	37,850.00	45,598.80
Minnesota.....	298	329	339	14,958.39	16,450.00	19,817.94
Mississippi.....	205	203	209	10,290.17	10,150.00	12,218.14
Missouri.....	278	289	298	13,954.48	14,450.00	17,421.08
Montana.....	58	62	64	2,911.36	3,100.00	3,741.44
Nebraska.....	117	114	117	5,872.92	5,700.00	6,839.82
Nevada.....	42	44	45	2,108.23	2,200.00	2,630.70
New Hampshire.....	80	75	77	4,015.68	3,750.00	4,501.42
New Jersey.....	769	815	840	38,600.69	40,750.00	49,106.40
New Mexico.....	96	123	127	4,818.81	6,150.00	7,424.42
New York.....	1,800	1,880	1,938	90,352.71	94,000.00	113,295.48
North Carolina.....	540	557	574	27,105.81	27,850.00	33,556.04
North Dakota.....	39	42	43	1,957.64	2,100.00	2,513.78
Ohio.....	849	888	915	42,616.36	44,400.00	53,490.90
Oklahoma.....	145	153	158	7,278.41	7,650.00	9,236.68
Oregon.....	268	283	292	13,452.51	14,150.00	17,070.32
Pennsylvania.....	1,288	1,399	1,442	64,652.39	69,950.00	84,299.32
Rhode Island.....	118	106	109	5,923.12	5,300.00	6,372.14
South Carolina.....	222	233	240	11,142.50	11,650.00	14,030.40
South Dakota.....	60	59	61	3,011.75	2,950.00	3,566.06
Tennessee.....	351	346	357	17,618.78	17,300.00	20,870.22
Texas.....	751	735	758	37,697.16	36,750.00	44,312.68
Utah.....	96	98	101	4,818.81	4,900.00	5,904.46
Vermont.....	23	22	23	1,154.51	1,100.00	1,344.58
Virginia.....	469	482	497	23,541.90	24,100.00	29,054.62
Washington.....	311	322	332	15,610.94	16,100.00	19,408.72
West Virginia.....	289	283	292	14,506.63	14,150.00	17,070.32
Wisconsin.....	258	320	330	12,950.56	16,000.00	19,291.80
Wyoming.....	33	38	39	1,656.47	1,900.00	2,279.94
District of Columbia.....	46	43	44	2,309.01	2,150.00	2,572.24
Puerto Rico.....	95	98	101	4,768.63	4,900.00	5,904.46
Canal Zone.....	2	1	1	100.39	50.00	58.46
Total.....	18,627	19,250	19,840	935,000.00	962,500.00	1,159,846.40

PER CAPITA

For year ending June 30, 1966 (Based on Actual registration January, 1965), \$50.20.

For year ending June 30, 1967 (Based on projected registration of January, 1966), \$50.00.

For year ending June 30, 1968 (Based on projected registration of January 1967), \$58.46.

TEXTBOOKS AND EDUCATIONAL MATERIALS

Senator HILL. The subcommittee will kindly come to order.

Secretary Kelly, happy to have you here, sir.

Mr. KELLY. Thank you. If I may, I would like to testify on behalf of Finis Davis, the vice president and general manager, American Printing House for the Blind, with respect to the 1968 budget.

Mr. Chairman and members of the committee, the American Printing House for the Blind is a nonprofit educational institution, founded in 1858, and located in Louisville, Ky. Each year the Printing House receives Federal appropriations to be used to provide free braille textbooks and other educational materials needed for the education of the Nation's blind children. Congress first appropriated funds for this purpose in 1879.

Senator HILL. Do you recall that?

Mr. KELLY. Almost.

Through the Federal act, the Printing House provides educational materials to students who attend special schools and classes for the blind and to blind students who attend regular public schools and classes with sighted children.

STAFF SALARIES AND EXPENSES

A reasonable sum is also authorized for staff salaries and other expenses relating to the advisory committees of the Printing House, which choose the materials to be developed and supplied through the Federal appropriations.

ADMINISTRATIVE COSTS

The funds appropriated are utilized by the Printing House for the payment of the production costs of books and educational apparatus used by blind children and for staff, consultants, and other expenses involved in the administration of the act. No part of the funds is used for such items as heat, electricity, maintenance, purchase of equipment, or construction or leasing of buildings.

BUDGET REQUEST

The request for 1968 is \$1,225,000, including a maximum of \$75,000, proposed for staff salaries and expenses relating to advisory committees. The remainder of \$1,150,000, when taken together with the \$10,000 permanent appropriation and applied to an estimated 19,840 eligible pupils, will provide a per capita rate of approximately \$58.50 to the blind recipients.

This rate of \$58.50 represents an increase of about 17 percent over that provided for 1967, and the total request provides for an expected additional 590 pupils for 1968.

SALARY AND EXPENSES

The recent increase in the minimum wage law from \$1.25 to \$1.40, effective February 1, 1967, along with necessary merit adjustments, increased the annual payroll of the Printing House by 17 percent. To put the second phase of the minimum wage law into effect from \$1.40

to \$1.60 with necessary merit adjustments, will increase the annual payroll by an additional 15 percent.

Based on the 32-percent increase in direct labor, and the 5-percent increase in cost of materials which we have experienced, the cost of goods manufactured will increase by 18.4 percent. The 17-percent increase in per capita from \$50 to \$58.50 does not allow for any expansion in materials supplied.

PUPILS SERVED

For the past decade or more, there have been vast increases in the number of blind pupils. Today, this increase is still with us, but on a decreasing scale, although it is not expected that the total numbers of blind schoolchildren will drop within the foreseeable future below the present yearly increases.

RETROLENTAL FIBROPLASIA AND RUBELLA BLINDNESS CAUSES

It should be noted that while the large generation of children blinded by retrolental fibroplasia will begin to graduate from high school within the next 4 or 5 years, their places will be taken at the primary level by a possibly comparable number of children born blind because of the rubella (German measles) epidemic in 1964 which, by various estimates, has produced between 20,000 and 30,000 handicapped children of which a substantial proportion can be expected to be visually impaired.

Senator HILL. We have the answer pretty well to retrolental fibroplasia.

Mr. KELLY. That is correct.

Senator HILL. We almost have the answer to rubella?

Mr. KELLY. It looks so.

Senator HILL. In fact we ought to have it shortly. It looks like we have it.

Mr. KELLY. Yes.

These children should be reaching school age within the next 3 to 4 years.

EDUCATIONAL MATERIALS REQUESTS

In addition to increasing numbers, today's demands for educational materials for blind students are many-faceted, such as:

(1) The large generation of children blinded by retrolental fibroplasia are now at the high school level, and require an astounding variety of materials of considerable size and cost to produce;

(2) The sophistication of modern elementary and secondary school education is accelerating to the point where the materials needed to keep blind students on a par with their sighted peers requires the utmost skill in reproduction of technical texts and aids;

(3) At least 60 percent of the blind children being educated in elementary and secondary schools are now attending regular public school classes with their sighted sisters and brothers—which means that the school texts needed for the individual pupil can no longer be restricted to a basic core of textbooks, but, rather, requires the reproduction in braille or some other form the much greater variety of textbooks published in ink print for use in regular public schools for the seeing. The Printing House during the past year (at its own expense of ap-

proximately \$500,000) has enlarged its building, equipment, and personnel facilities in order to be in position to manufacture these needed additional materials and to use more modern and effective methods of production.

(4) Enlightened and humane concern for the child with multiple handicaps is now an accepted responsibility of educational programs. Today, educators of the blind are endeavoring to serve, not only the gifted or normal blind child, but also those blind children with additional handicaps, such as the deaf-blind child born with brain damage. The education of these children, as with sighted children with similar extra handicaps, takes years of training and help, with the need for the right educational materials at the right time, regardless of material cost.

Senator HILL. These are real tragedies.

MULTIPLE-HANDICAPPED BLIND CHILDREN

Mr. KELLY. Yes; I noted in the justification the other day you asked if we knew how many of these kinds of children there were. In the justification it points out in January of 1964 approximately 1,500 blind children, with multiple handicaps were registered, and in January 1965 this had increased to 1,960 such children.

Senator HILL. Do you know what caused that increase?

Mr. KELLY. They say based on educated professional knowledge it is expected that the number of blind pupils who will be eligible for benefits under the act will continue to rise. The population explosion itself, plus the fact that concerted efforts are now being made to provide adequate education and training facilities for the multihandicapped child, the deaf-blind, the cerebral-palsy child, and the blind child with the emotional disturbance are important factors. Children with such handicaps have existed before but nobody has endeavored to provide for them; there is now an effort to go out and enroll them and provide materials for their education.

Senator HILL. For many, many years we made no effort.

Mr. KELLY. That is true.

TEXTBOOK PRODUCTION COSTS

As the national textbook publisher for the blind, the Printing House is able to achieve many economies, including the computer-translation of braille, due to centralized production, but the highly specialized methods employed in the publication of textbooks in braille, recorded, and large type form, and in the manufacture of apparatus and aids, coupled with the relatively small numbers of the blind, must, of necessity, result in high-unit costs. The cost of producing textbooks for the blind is at least tenfold that of those for sighted students.

CONSULTATIVE HELP

Among its other services, the Printing House will continue to provide consultative help to colleges and universities conducting teacher-

training programs for the blind, to teachers in public schools concerned with the education of blind children, as well as residential schools for the blind, and for the purpose of conducting, on a national basis, a basic catalog of educational materials for interchange by all in need.

In closing, the Board of Trustees of the American Printing House for the Blind extend their sincere thanks to the Department of Health, Education, and Welfare, the Appropriations Committee, and the Congress for their continued interest in the education of the blind children of this Nation. In addition to this statement and detailed justifications submitted prior to this hearing, I am leaving with the committee copies of the "History, Purposes, and Policies of the American Printing House for the Blind," copies of our various catalogs and copies of the annual report for the fiscal year ending June 30, 1966.

BUDGET BUREAU REDUCTION

Senator HILL. I note, Mr. Secretary, that the Budget cut the Department's request down some \$39,000.

Mr. KELLY. That is correct, sir.

Senator HILL. What was the justification for that?

Mr. KELLY. I really don't know, Mr. Chairman. I wonder if I could insert it in the record. My presumption is, it was a difference in estimated cost per pupil.

Senator HILL. I think under the Department's request, they had an estimated cost of \$60 per pupil, for 19,840 pupils, and this cut the \$60 down to \$58.46 for the same number of pupils.

(The information follows:)

The Bureau of the Budget computation of the cost of producing a comparable supply of aids to the blind for 1968 provided for an allocation of \$58.46 per pupil rather than \$60, as requested by the Department.

COST INCREASES VIS-A-VIS BUDGET REQUEST

Mr. KELLY. Mr. Davis' statement indicates his overall costs are predicted to rise 18 percent and this allows for 17-percent increase in the cost, so he will not be able to produce quite as much material for each blind child as we were in the preceding year.

Senator HILL. Somewhat more than in fiscal year 1967, when it was \$50 per pupil.

Mr. KELLY. That is right. It was pointed out we had a change in the minimum wage and the staff utilized in this process are low-paid people and it has a substantial effect on their wage, as it properly should.

Senator HILL. It seems to me you ought to have the full \$60 per pupil, just as the Department requested. What is your influence on the Bureau of the Budget? Don't they know you are now the Assistant Secretary?

Mr. KELLY. I don't think you can intimidate them.

Senator HILL. Thank you very much.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

STATEMENT OF PHILIP H. DES MARAIS, DEPUTY ASSISTANT SECRETARY FOR SPECIAL EDUCATIONAL PROJECTS; ACCOMPANIED BY ROBERT FRISINA, VICE PRESIDENT OF ROCHESTER INSTITUTE OF TECHNOLOGY FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF; FRANK BENZ, VICE PRESIDENT OF ROCHESTER INSTITUTE OF TECHNOLOGY FOR BUSINESS AND FINANCE; RICHARD BJORK, ASSISTANT TO THE PRESIDENT, ROCHESTER INSTITUTE OF TECHNOLOGY; AND JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

APPROPRIATION ESTIMATE

"NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

"For carrying out the National Technical Institute for the Deaf Act (Public Law S9-36), [\$491,000], \$2,615,000, to remain available until expended."

Amounts available for obligation

	1967	1968
Appropriation.....	\$491,000	\$2,615,000
Unobligated balance brought forward.....	352,000	
Total.....	843,000	2,615,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Grants.....		\$767,000		\$2,570,000		+\$1,803,000
Administration.....	2	76,000	2	45,000		-31,000
Total obligations.....		843,000		2,615,000		+1,772,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	2	2	
Full-time equivalent of all other positions.....			
Average number of all employees.....	2	2	
11 Personnel compensation:			
Permanent positions.....	\$25,000	\$25,000	
Positions other than permanent.....	9,000		-\$9,000
Other personnel compensation.....		3,000	+3,000
Total personnel compensation.....	34,000	28,000	-6,000
12 Personnel benefits.....	2,000	2,000	
21 Travel and transportation of persons.....	18,000	9,000	-9,000
23 Rent, communications, and utilities.....	2,000	1,000	-1,000
24 Printing and reproduction.....	2,000	1,000	-1,000
25 Other services.....	16,000	2,000	-14,000
26 Supplies and materials.....	1,000	1,000	
31 Equipment.....	1,000	1,000	
41 Grants, subsidies, and contributions.....	767,000	2,570,000	1,803,000
Total obligations by object.....	843,000	2,615,000	1,772,000

Summary of changes

1967 enacted appropriation-----	\$491,000
Unobligated balance brought forward-----	352,000
1967 estimated obligations-----	843,000
1968 estimated obligations-----	2,615,000
Total change-----	+1,772,000

	Base		Changes from base	
	Positions	Amount	Positions	Amount
Increases: Grants-----		\$767,000		+\$1,803,000
Decreases: Administration-----	2	76,000		-31,000
Total net changes-----				+1,772,000

EXPLANATION OF CHANGES

1967 funds were requested for architectural and engineering studies. 1968 funds are requested for the acquisition of land and development, staff recruitment and operational planning and for full architectural and engineering planning. The decrease is due to diminishing costs of administration.

	1967 estimate	1968 estimate	Increase or decrease
Grants, subsidies, and contributions-----	\$767,000	\$2,570,000	+\$1,803,000

JUSTIFICATION

During Fiscal Year 1967 and Fiscal Year 1968, the following action will be taken with respect to the National Technical Institute for the Deaf:

1. Appoint a chief administrative officer, select an advisory group, and designate an architect as required by the Act;
2. Recruit new administrative and instructional staff;
3. Institute training programs to prepare new and present staff of the Rochester Institute of Technology to participate fully in the programs of NTID;
4. Design a comprehensive educational program to facilitate the integration of deaf and hearing students;
5. Undertake programs to publicize NTID, including admission policies for persons and institutions concerned with education for the deaf;
6. Visit selected educational institutions for the deaf to identify ideas of special merit for NTID;
7. Produce and collect instructional material, e.g., books, films, reference materials, etc., with special emphasis on the production of new materials in visual communications;
8. Establish a research framework which will facilitate broad dimension of developments at NTID;
9. Acquire and fully develop the site for NTID facilities;
10. Complete architectural and engineering planning, including preparation of concept studies, drawings, and specifications;
11. Award construction and equipment contracts.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Administration:						
Personnel compensation and benefits-----	2	\$36,000	2	\$30,000		\$6,000
Other expenses-----		40,000		15,000		25,000
Total-----	2	76,000	2	45,000		31,000

JUSTIFICATION

To administer this program and to provide liaison with the Department, it will be necessary to have staff members continue the activities into 1968. This is necessary to coordinate Departmental activities and resources which relate to the sponsoring institution and the National Technical Institute for the Deaf during the initial planning, staffing, and organizing functions. Expert consultants will be utilized as an integral part of the Departmental activity.

The Agreement for Establishment and Operation of the National Technical Institute for the Deaf between the Secretary of Health, Education, and Welfare and Rochester Institute of Technology provides for a developmental period of four phases. During this period:

- A Director will be selected and appointed ;
- An advisory group established ;
- Recruitment of faculty will be carried on ;
- A training program for the faculty will be developed ;
- Educational specifications and program requirements will be established ;
- Programs to develop student, faculty, and employer interest in the NTID must be developed ; and,
- Plans completed for the enrollment of the initial body.

As each of the four phases of this activity is concluded, the agreement is to be negotiated and signed on each phase. Staff in the Department, assisted by expert consultants, will review each of the phases and make recommendations to the Secretary on the signing of each phase of the agreement.

DEAF STUDENTS SKILLED OCCUPATIONAL TRAINING

Senator HILL. Nice to have you here, Mr. DesMarais. Proceed in your own way.

Mr. DESMARAIS. Mr. Chairman, there are approximately 3,000 deaf students above the age of 16 who leave or graduate from State and local schools and classes for the deaf each year. A large number of these students have indicated their intense interest and desire for further educational opportunities. There is an expanding need for skilled persons in professional, technical, and service occupations in our country today; unskilled jobs are rapidly disappearing. Yet the means for channeling the deaf into these professional jobs are very limited.

Senator HILL. What you say is certainly true. You see every day where unskilled jobs are rapidly disappearing. I know how it once was on the farm, how mechanization and automation have more and more depleted the need for these other unskilled jobs; is that correct?

Mr. DESMARAIS. Yes.

DESIRE FOR ACADEMIC EDUCATION

In his testimony before the congressional committee considering legislation to establish the National Technical Institute for the Deaf, Dr. Leonard Elstad, president of Gallaudet College, the only institution for higher education of the deaf in the world, reported that of over 600 student applications received and reviewed each year, only 40 percent are likely to be admitted. The remaining 60 percent who could not meet the admissions requirements of the college, by the very act of submitting an application and taking the entrance examinations, expressed their desire for further education.

UNSKILLED LABOR ALTERNATIVE TO NONACADEMIC QUALIFYING STUDENTS

The recent report on the "Education of the Deaf" prepared by the National Advisory Committee on Education of the Deaf in 1965,

appointed by the Secretary of Health, Education, and Welfare, at the request of your committee, Senator, stated that "five-sixths of our deaf adults work in manual jobs as contrasted to only one-half of our hearing population."

If the door to further educational opportunity is not opened for the group who could not be admitted to the liberal arts program of Gallaudet College, including other qualified students who do not apply for Gallaudet College, they have almost no other alternative than to join the ranks of the unskilled labor force.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

The National Technical Institute for the Deaf is designed to provide a greater range of opportunities for young deaf adults of the country who are capable of postsecondary education but who do not have an opportunity to do so at present.

The Department is requesting \$2,615,000 for the continued development of the National Technical Institute for the Deaf. An amount of \$2,570,000 would be available to the Rochester Institute of Technology, the grantee institution, for further development of the educational specifications and program requirements, for materials, for the recruitment and training of staff and for the preparation of architectural and engineering plans leading to awarding of construction and equipment contracts.

MAJOR PROVISIONS OF THE LEGISLATION

Public Law 89-36 authorized the use of Federal funds for the establishment and operation of the National Technical Institute for the Deaf.

On recommendation of the National Advisory Board, provided for in the same law, the Secretary of Health, Education, and Welfare, on December 20, 1966, entered into an agreement with the Rochester Institute of Technology to establish and operate the institute. The Department of Health, Education, and Welfare will maintain continuous relationship with the Rochester Institute of Technology in the operation of the National Technical Institute, and the Secretary will annually transmit to Congress a report on the program.

CONSTRUCTION AND INITIAL OPERATION

The appointment of the chief administrative officer for the National Technical Institute for the Deaf was announced by the chairman of the board of trustees of the Rochester Institute of Technology on January 13, 1967; he has assumed this position as of February 15, 1967.

Dr. Frisina, on my right, formerly the director of graduate education of Gallaudet, is the new vice president of the Rochester Institute of Technology for the National Technical Institute program, sir.

The selection of an advisory group and designation of an architect as required by the act will be concluded in the very near future.

Early operational phases will include the continued development of the educational specifications and program requirements; selection of key professional personnel; institution of training programs to prepare new and present staff of the Rochester Institute of Technology to participate fully in the programs of National Technical Institute for the Deaf; utilization of staff and consultants in the development

of a comprehensive educational program to facilitate the integration of deaf and hearing students within Rochester Institute of Technology; production and collection of instructional materials, for example, books, films, and reference materials, with special emphasis on the production of new materials in visual communication essential for the deaf; the establishment of a research framework which will facilitate broad dissemination of developments at National Technical Institute for the Deaf; and the undertaking of programs to publicize National Technical Institute for the Deaf, including admissions policies, for persons, institutions, and organizations concerned with the education of the deaf.

The construction phases established for fiscal year 1968 include the completion of site preparation and development for the National Technical Institute for the Deaf facilities; the onsite inspection of selected educational institutions for the deaf to identify ideas of special merit for National Technical Institute for the Deaf; the completion of architectural and engineering planning, including preparation of concept studies, drawings, and specifications; and the awarding of construction and equipment contracts.

POSTSECONDARY EDUCATION AND TRAINING

The establishment of the Institute represents a pioneering effort to provide broad postsecondary technical education and training leading to diversified opportunities of productive employment for deaf citizens. The Technical Institute is designed not only to provide the education and training for the deaf students in attendance, but also to become the standard setter for technical training of deaf people generally, and a research and training source for special teachers, counselors, and other professional personnel who are so important in the proper adjustment of deaf persons.

INSTITUTE ESTABLISHMENT AND OPERATIONAL AGREEMENT

The agreement for establishment and operation of the National Technical Institute for the Deaf between the Secretary of Health, Education, and Welfare and Rochester Institute of Technology provides for a developmental period of four phases.

As each of the four phases is concluded, the agreement is to be negotiated and signed on each phase. Staff in the Office of the Assistant Secretary of Education, assisted by expert consultants, will review each of the phases and make recommendations to the Secretary on the signing of each phase of the agreement.

In conclusion, Mr. Chairman, I would like to emphasize the uniqueness of the project in which we are embarked. Our studies and surveys indicate the National Technical Institute for the Deaf, as authorized by the Congress, will be the only program of its kind in the world. There is no other institution in this or any other country offering technical training and education for the deaf on the level and quality that will be available in the National Technical Institute for the Deaf program.

Thank you for the opportunity to give you the budget.

BUDGET BUREAU REDUCTION FOR LAND ACQUISITION AND PLANNING

Senator HILL. Let me ask you: The Budget Bureau cut your request down by \$3,681,000?

Mr. DESMARAIS. That is correct.

Senator HILL. That was for cost of construction, was it not?

Mr. DESMARAIS. Yes.

Senator HILL. How much is it going to delay or postpone work here?

Mr. KELLY. I don't think at all. We had budgeted on the basis that we would fully fund the project in one appropriation request. The Budget Bureau said they would prefer to handle it the same way we handle direct construction, to give us funds for land acquisition and planning and then provide funds for construction when we are ready. This will not hold us up.

Senator HILL. You will not be ready for the construction funds this fiscal year?

Mr. DESMARAIS. No, sir, not in the program as developed from the facilities aspects. We have funds now authorized, and we would be authorized under this request to do everything that actually prepares for putting up the building. All plans and architectural specifications could be completed. The site itself could be prepared for any buildings, new buildings that will be required.

Senator HILL. You have to have the building, of course?

Mr. DESMARAIS. Yes. There will be a requirement for some new facilities at the RIT campus for this program.

Senator HILL. You don't think this is going to delay the plans for work on the school?

FACULTY RECRUITMENT AND CURRICULUM PLANNING

Mr. DESMARAIS. Well, it does require us to make a separate and additional plan and request to your committee for construction money when we are ready for it.

At the present time the major emphasis of the staff is to recruit faculty and to plan the curriculum, and there is a certain amount of curriculum planning and program planning that has to be completed before you could design buildings for which that program will be used. That is going on right now.

Senator HILL. You don't think that delay of these funds will cause any undue delay in construction then?

Mr. DESMARAIS. My own personal view is, it will cause some delay, but it is difficult to see how much.

Senator HILL. You certainly have to have the building?

Mr. DESMARAIS. Yes; they cannot have a full program going until they have buildings both for resident facilities as well as instruction purposes.

PILOT ENROLLMENT OF STUDENTS

Senator HILL. I am wondering how much this will affect you. I realize it does not lend itself to a mathematical answer of 2 plus 2 makes 4, but I wonder how much it will delay you.

Mr. DESMARAIS. Senator, I and other members of this Department have talked with Dr. Frisina, the new director of the program, and other people at RIT, and we have hoped that we may be able to have an initial pilot enrollment of students using some of the present facilities as soon as we have programs ready. That is, we have to have teachers hired who are competent to deal with the deaf, but undoubtedly we cannot have the full programed enrollment of additional 200 new students a year up to the projected 600 which the committee report proposes until we have resident facilities, certainly.

Senator HILL. How many do you think you could take in at present without these additional facilities?

DORMITORY SPACE SHORTAGE

Mr. DESMARAIS. Would you have any comment on that, Dr. Frisina?

Dr. FRISINA. It is difficult to predict at this moment. I doubt we could take any significant number of deaf persons in, because the Rochester Institute of Technology just relocated and they anticipate something like 65 to 70 percent completed construction of the new campus on which the NTID will be placed, so they will not be fixed in their facilities until February of next year.

On this new campus they have something short of 50 percent of the residential facilities required for their own student body, so there will be some difficulty relative to dormitory space.

Senator HILL. Do you mean when they get that new construction all finished, they will still be 50 percent short?

Dr. FRISINA. For the first phase, yes; the dormitory construction for Rochester Institute of Technology itself will accommodate something close to 2,000 students.

CONSTRUCTION COMPLETION

Phase 2 of the dormitory construction will be underway soon.

Senator HILL. When do they contemplate finishing phase 2?

Mr. BENZ. Occupancy ready in September 1969.

Senator HILL. That is 2½ years off?

Mr. BENZ. Yes, sir.

Mr. BJORK. Mr. Chairman, along that line, I believe the facilities about which we are speaking, phases 1 and 2 of our dormitories, of course, were planned before Rochester Institute of Technology entered into agreement with the Secretary for NTID. They were planned for Rochester Institute of Technology's own growth and they will be fully occupied by our own students that we had programed before this arrangement was made.

Senator HILL. You are going to have the National Technical Institute there on the campus; is that right?

Mr. BJORK. Yes.

SITE ACQUISITION SIZE AND COSTS

Senator HILL. What will be the site acquisition costs?

Mr. BENZ. The estimated cost is approximately \$600,000.

Senator HILL. How much acreage will it take?

Mr. BENZ. This, again depending on the program, but we felt the minimum situation should be about 30 acres. A lot would depend on the

amount of athletic facilities, recreation space, and other utilitarian space necesasry and how much they will use the present facilities of RIT.

CONSTRUCTION SCHEDULES

Senator HILL. What I refer to is your slowing down this school.

Mr. BJORK. I think, speaking on behalf of RIT, it would be our opinion that it will slow it down substantially.

Senator HILL. I think so; isn't that so, Mr. Kelly?

Mr. KELLY. I hate to admit but we have a long, long body of experience on construction projects beginning and I doubt we will be ready to start construction in fiscal year 1968 unless the development of this project will significantly vary from schedules we experienced in the last 5 years on a great number of construction projects.

Senator HILL. Now that you are Assistant Secretary, couldn't you hasten it?

Mr. KELLY. I think if I could, they would make me President.

MODEL SECONDARY SCHOOL FOR THE DEAF

STATEMENT OF PHILIP H. DES MARAIS, DEPUTY ASSISTANT SECRETARY FOR SPECIAL EDUCATIONAL PROJECTS; ACCOMPANIED BY PATRIA G. FORSYTHE, EXECUTIVE SECRETARY, NATIONAL ADVISORY COMMITTEE ON EDUCATION OF THE DEAF; ROLAND GODDU, CONSULTANT, MODEL SECONDARY SCHOOL FOR THE DEAF; LEONARD M. ELSTAD, PRESIDENT, GALLAUDET COLLEGE; R. ORIN CORNETT, VICE PRESIDENT FOR LONG-RANGE PLANNING, GALLAUDET COLLEGE; AND JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

APPROPRIATION ESTIMATE

"MODEL SECONDARY SCHOOL FOR THE DEAF, SALARIES AND EXPENSES

"For carrying out the Model Secondary School for the Deaf Act (Public Law 89-694), \$425,000 to remain available until expended."

Amounts available for obligation

	1967	1968
Appropriation.....		\$425,000

Obligations by activity

	1967, estimate		1968, estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Administration and general planning.....			8	100,000	+8	+100,000
Development and operation of instructional programs.....			10	325,000	+10	+325,000
Total, obligations.....			18	425,000	+18	+425,000

Obligation by object

	1967, estimate	1968, estimate	Increase or decrease
Total number of permanent positions.....		2	+2
Total number of permanent positions, non-Federal.....		16	+16
Full-time equivalent of all other positions.....		13	+13
Average number of all employees.....		23	+23
11 Personnel compensation:			
Permanent positions (Federal).....		\$16, 400	+\$16, 400
Permanent positions (non-Federal).....		120, 000	+120, 000
Positions other than permanent.....		12, 250	+12, 250
Other personnel compensation.....		120, 000	+120, 000
Total, personnel compensation.....		268, 650	+268, 650
12 Personnel benefits.....		9, 600	+9, 600
21 Travel and transportation of persons.....		54, 250	+54, 250
23 Rent, communications and utilities.....		26, 600	+26, 600
24 Printing and reproduction.....		9, 400	+9, 400
26 Supplies and materials.....		23, 700	+23, 700
31 Equipment.....		32, 800	+32, 800
Total, obligations by object.....		425, 000	+425, 000

Summary of changes

1967 enacted appropriation.....	
1968 estimated obligation.....	\$425, 000
Total change.....	425, 000

	Base		Change from base	
	Positions	Amount	Positions	Amount
Increases:				
Program:				
1. For administration and general planning.....			+8	+\$100, 000
2. For curriculum planning.....				+25, 000
3. For development of instructional materials and aids.....				+120, 000
4. For feasibility studies.....				+70, 000
5. For interim program.....			+10	+110, 000
Total, net changes requested.....			+18	+425, 000

INTRODUCTION

Public Law 89-694 authorizes the Secretary of Health, Education, and Welfare, to enter into an agreement with Gallaudet College for the establishment, construction, equipping and operation of a model secondary school for the deaf to serve primarily residents of the District of Columbia and of nearby States.

Its purpose is to provide day and residential facilities for secondary education for persons who are deaf in order to prepare them for college and other advanced study, and to provide an exemplary secondary school program to stimulate the development of similarly excellent programs throughout the country. No adequate secondary program exists at present.

The Secretary, after consultation with the National Advisory Committee on Education of the Deaf, will develop an agreement to be entered into with Gallaudet College for the establishment and operation, including construction and equipment, of a model secondary school program. The agreement would be developed by staff in consultation with the Advisory Committee and representatives of Gallaudet College. It will provide for the basic policies governing the establishment and operation of a model secondary school program, including curriculum development, faculty and staff, the design and construction of facilities with maximum attention being given to excellence of architecture and design, works of art, and innovative auditory and visual devices appropriate for the educational functions of such facilities.

PLANS

As soon as funds are available, the Office of the Secretary staff will begin work, in consultation with the Advisory Committee on Education of the Deaf and Gallaudet College, in developing the plans as outlined above. Since no adequate and complete secondary school program of this type exists, extensive pre-planning must be carried out to insure that the program of the model secondary education school reflects a broad base of competent opinion regarding methods and approach. Before the end of FY 1968, contracts should be executed for various specialized aspects of the process of curriculum planning. Curriculum planning must be well along before facilities can be planned in detail.

With the funds requested for fiscal year 1968, a nucleus of the permanent staff of the high school will be appointed and undergo training, as needed, to prepare them for the special communication and learning problems of the deaf high school student. In cooperation with the planning group made up of representatives from the Office of the Secretary, National Advisory Committee on Education of the Deaf, and special consultants, the new school faculty will develop special instructional materials and aids, plan the curriculum, and conduct feasibility studies on specific educational problems, particularly as regards methods of instruction which will be encountered in the high school. The staff will also initiate planning for site preparation and construction of facilities, and will implement plans for an interim program in anticipation of the official opening of the model high school. In all of these activities they will make use of consultants and competent persons available for contracted services.

The beginning of regular operation of the model secondary school for the deaf is contingent upon the accomplishment of an extended series of interdependent steps leading to completion of facilities, staff training, and materials preparation. Following development of program and curriculum plans to the point at which facilities can be planned, site preparation can begin and construction planning can proceed as rapidly as funds are available.

1968 APPROPRIATION REQUEST

An appropriation of \$425,000 is respectfully requested for fiscal year 1968 for the following purposes:

1. Administration and general planning.
2. Completion of curriculum planning.
3. Development of special instructional materials and methods.
4. Feasibility studies.
5. Interim program.

JUSTIFICATION BY ACTIVITY

Group 1. Administration and general planning

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....		-----	8	\$68, 800	+8	+\$68, 800
Other expenses.....		-----		31, 200	-----	+31, 200
Total.....		-----	8	100, 000	+8	+100, 000

To provide for the implementation of the guidelines and policies developed during the planning stage, there will have to be selected a nucleus of the permanent staff of the model secondary school for the deaf during the fiscal year 1968. It is expected that this cadre staff will undergo some specialized training to prepare them for the special problems of the deaf high school student. The fundamental responsibility of this staff will be to develop individualized instructional materials and to plan the curriculum in detail. Costs will be distributed approximately as follows:

1. *Permanent model secondary school faculty*,¹ \$80,000

Director and principal (\$20,000) ²	\$12,000
Assistant principal for instruction (\$15,000) ²	8,000
Assistant principal for administration (\$15,000) ²	8,000
Administrative secretary (\$7,696) ²	4,000
Secretary (\$6,451) ²	3,500
Stenographer (\$5,331) ²	2,500
Personnel benefits	2,700
Consultants and contractors (travel \$9,000)	19,500
Travel (staff)	2,000
Communications and rent	7,000
Printing and reproduction	3,000
Supplies and materials	4,600
Equipment	3,200
Total	80,000

¹ Teachers are budgeted under the interim program item.² Full year salaries shown in parentheses.2. *Departmental Liaison Services*, \$20,000

To administer this program, it will be necessary to appoint a special staff member to coordinate the planning activities leading to the signing of an agreement with Gallaudet College and to serve as liaison and continuity after the project becomes operational. Also, a planning group with special consultant resources will have to be selected to develop the specifications and guidelines for the agreement. This activity will involve a series of meetings, review activities, and analyses to prepare recommendations which lead to the agreement between the Office of the Secretary and Gallaudet College. The funds for 1968 would be used as follows:

Specialist in education of the deaf (\$18,157) ¹	\$12,000
Secretary—staff assistant (\$6,877) ¹	4,400
Related benefits	1,200
Rent and communications	600
Supplies and materials	800
Equipment	1,000
Total	20,000

¹ Full year salaries shown in parentheses.GROUP 2. *Development and operation of instructional program*

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits			10	\$209,450	+10	+\$209,450
Other expenses				115,550		+115,550
Total			10	325,000	+10	+325,000

This activity includes the development of special instructional materials and methods, the refinement and completion of curriculum plans, the determination of feasibility of specific approaches to effective instruction and learning at the secondary level, and an interim program for the model high school. In order for the model secondary school for the deaf to achieve new levels of achievement by deaf students, it must carry out at least two years of systematic work of this kind.

Funds requested under this activity for fiscal year 1968 are:

1. Development of Special Instructional Materials and Aids, \$120,000

This program will include adaptation of the best of relevant instructional materials to the special needs of the deaf high school student, the development of new materials, including instructional film loops, visual aid materials, and special combinations of equipment and methods.

2. Curriculum Planning, \$25,000

For planning of the curriculum of the high school, it will be necessary to draw upon the resources of competent educators, including but not limited to educators of the deaf, and upon consultants in related fields. Costs will be distributed as follows:

Services and travel (\$5,000) for consultants and contractees-----	\$22, 000
Rent, utilities, communication-----	2, 000
Printing and reproduction-----	1, 000
Total curriculum planning-----	25, 000

3. Feasibility Studies on Special Educational Problems, \$70,000

The model high school for the deaf will encounter many problems for which solutions are needed, and decisions regarding some of them will need to be made early in the operation of the school. Examples include decisions as to the extent such innovations as computer-aided learning and other student-response mechanism should be utilized. The feasibility of using loop-films for establishing basic concepts and teaching small units of subject matter will be tested, and a variety of other possibilities will be studied as to feasibility. Examples are the feasibility of teaching foreign language to the deaf as spoken language, and the feasibility of special classes using oral or supplemented oral methods of communications.

This program should be distinguished from the development of special instructional materials. The feasibility studies will deal with specific existing problems or issues which must be solved or decided in order to design the model secondary school program for maximum effectiveness.

Costs will be distributed as follows:

Services and travel (\$15,000) for consultants, contractees, temporary employees-----	\$59, 000
Rent, communication, utilities-----	4, 000
Supplies and materials-----	4, 000
Equipment-----	2, 000
Printing and reproduction-----	1, 000
Total-----	70, 000

4. Interim Program, \$110,000

The sum of \$110,000 is requested in 1968 for the initiation of an interim program to continue until the model high school plant is ready for use. In 1968 faculty personnel, particularly teachers, will be selected and those who require special training will be employed during the 1967-68 school year while receiving intensive training in the problems and psychology of deafness, teaching and communication methods. As a faculty, they will work on the development of curriculum plans and the design of specialized materials for their areas of instruction.

For 1968 costs of this training program will be as follows:

Ten (10) teachers-----	\$82, 000
Related benefits-----	5, 700
Travel-----	3, 000
Rent and communications-----	5, 000
Printing and reproduction-----	1, 000
Supplies and materials-----	5, 300
Equipment-----	8, 000
Total-----	110, 000

950 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

New positions requested, fiscal year 1968

	Grade	Annual salary
Administrative and general planning:		
Federal:		
Specialist in education of the deaf	GS-15	\$18, 157
Secretary, staff assistant	GS-7	6, 877
Non-Federal:		
Director		20, 000
Assistant director for instruction		15, 000
Assistant director for administration		15, 000
Administrative secretary		7, 696
Secretary		6, 451
Stenographer		5, 331
Total (8)		94, 512
Development and operation of instructional program:		
Non-Federal: 10 teachers at \$10,017		100, 170
Total new positions, all activities (18)		194, 682

APPROPRIATION ESTIMATE

"MODEL SECONDARY SCHOOL FOR THE DEAF, CONSTRUCTION

"For carrying out the Model Secondary School for the Deaf Act (Public Law 89-694), \$275,000, to remain available until expended."

Amounts available for obligation

	1967	1968
Appropriation		\$275, 000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Building and facilities		\$210, 000	+\$210, 000
Site preparation		65, 000	+65, 000
Total obligations		275, 000	+275, 000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Travel and transportation of persons		\$5, 000	+\$5, 000
Printing and reproduction		3, 000	+3, 000
Other services		197, 000	+197, 000
Supplies and materials		5, 000	+5, 000
Land and structures		65, 000	+65, 000
Total obligations by object		275, 000	+275, 000

Summary of changes

1967 enacted appropriation	
1968 estimated obligations	\$275, 000
Total change	+275, 000

INTRODUCTION

Under the terms of Public Law 89-694 which provides for a model secondary school for the deaf to be operated by Gallaudet College, necessary funds are authorized for the construction of buildings and other facilities for the school.

For fiscal year 1968, requests for \$275,000 are to provide for initiation of planning and specifications of facilities which aggregate nine million dollars and for site preparations costing approximately one quarter million dollars.

JUSTIFICATION BY ACTIVITY

Funds requested in the estimate for 1968 provide for the following projects:

- A. For initial campus and building planning including grouping of related functions, converting space norms to space requirements, and providing for facility arrangements unique to this program— \$210,000
- B. For portion of site preparation (total site preparation includes grading, curbs, utility lines and tunnels, sidewalks, roadways, excavations, etc.)----- 65,000

Total ----- 275,000

A. Building and facilities (planning), \$210,000

Planning costs above are estimated on the basis of total construction and equipment costs of \$8,860,000 as follows, for a total capacity of 450 resident and 150 day students.

Facility	Area per student	Total area	Cost per square foot	Cost
Classrooms-----	110	66,000	\$35	\$2,310,000
Library-----	20	12,000	35	420,000
Gymnasium-----	70	42,000	25	1,050,000
Dormitories-----	240	108,000	30	3,240,000
Dining hall-----	80	48,000	30	1,440,000
Health and special services (audiology)-----				400,000
Total-----				8,860,000

The structures will be constructed on approximately twenty acres at the northern end of the Gallaudet College campus. The construction will be of reinforced concrete. A central air-conditioning system will be included.

The gross area in square feet per student specified for the library is larger than for most schools because of the necessity for provision of space for computer assisted learning and other technological aids to instruction that will be needed for secondary level education of the deaf. The classroom and library estimated costs include special equipment to be installed as part of the building.

B. Site Preparation, \$65,000

For outside services, the initial cost of \$65,000 is based on a cost of approximately \$750,000 to develop the present wooded area into an attractive campus with appropriate grading, underground utilities, sidewalks, roadways, parking areas, landscaping, etc.

WITNESS BACKGROUND

Senator HILL. Now you are going to address yourself to the next item, "Model Secondary School for the Deaf."

Before you do that, what is your background?

Mr. DESMARAIS. I spent 10 years, Senator, in high school and college training.

Senator HILL. Where?

Mr. DESMARAIS. University of Minnesota, St. Thomas College, and Dominican College in New Orleans, La.

BUDGET REQUEST

Senator HILL. All right, sir; proceed with your statement on Model Secondary School for the Deaf.

Mr. DESMARAIS. I am pleased to be able to present on behalf of the Department this request for \$700,000 to establish the Model Secondary School for the Deaf, as authorized by Public Law 89-694, of which you, Senator Hill, and all of the members of your subcommittee were cosponsors. Of the total requested, \$425,000 is for curriculum development and administrative planning; \$275,000 is for construction planning.

ESTABLISHMENT AND OPERATION OF SCHOOL BY GALLAUDET COLLEGE

On October 15, 1966, the President signed Public Law 89-694, an act which authorizes the establishment and operation of a Model Secondary School for the Deaf to serve the National Capital region. It further authorizes the Secretary of Health, Education, and Welfare, after consultation with the National Advisory Committee on Education to the Deaf, to enter into an agreement with Gallaudet College for the establishment and operation of the school. They have provided a work group to do the planning.

EDUCATIONAL SERVICES FOR THE DEAF

The concept of this project is to remedy significant inadequacies and gaps in the education services for the deaf. The "Education of the Deaf" report summarizes the situation by stating:

... few deaf students have the opportunity to complete a high school course comparable to that available to young people generally. The deaf child should have an opportunity to earn a meaningful high school diploma.

The school, while serving immediately the needs of the National Capital area and nearby States, will also benefit not only the children who will be directly served, but will also serve as a stimulant for similar programs across the country.

The development of educational methods, new educational technology, specific curriculum offerings, and other aspects of a school such as this will be a contribution to the Nation's total secondary educational program for the deaf. By serving the National Capital area, it also provides a very important addition to the public education available to children in the District of Columbia.

Finally, the school has the purpose of providing a model in excellence of design and architecture, utilization of works of art, and innovation in auditory and visual devices.

Senator HILL. I am interested in what you said about "excellence of design and architecture." I hope it won't be a glass cheesebox like many of the new buildings are.

Mr. DESMARAIS. I would certainly agree with you.

The bill actually provides a challenge to educators to serve a particularly needy and neglected segment of our school-age population.

PROGRAM DEVELOPMENT

The Office of the Secretary of the Department of Health, Education, and Welfare sees this task as a serious responsibility. We request funds, therefore, to provide for a careful analysis of program. We hope to first

identify the particular needs of this category of deaf youth, the program that will meet these needs, and the special materials required before designing facilities.

We see this task as a cooperative venture involving the Department of Health, Education, and Welfare, the National Advisory Committee on Education of the Deaf—of which Mrs. Forsythe is a staff director—Gallaudet College, and the best available experts on education of the deaf, on secondary education curriculums, and facilities.

We believe that a careful planning phase will provide specifications and guidelines for a creative agreement for such an important school. We see the task of innovation as requiring flexible consideration of all alternatives, including computerized instruction and use of other public school programs, so that the student who attends this school will not undergo obsolete training and education, but one which places him on the frontier of secondary school learning.

The act creating a Model Secondary School for the Deaf is a creative venture. As an educator with a deep interest in the improvement of educational opportunities for all of our young people, and in particular, in our Nation's Capital, I am pleased to have this opportunity to demonstrate our commitment to see that this school be one which the whole country can find inspiration to imitate. It is a privilege to be presenting the estimate for the preliminary phases for this project.

I am confident that this small beginning of one model school will grow to the extent that every deaf high-school-age student will have the opportunity for all education commensurate with his abilities and desires. And this education will serve as a preparation for further education, or as real preparation for a deaf youth to assume his place in our society as a self-sufficient productive member.

BUDGET BUREAU REQUEST

Senator HILL. I notice the Budget Bureau cut you down some \$45,000.

Mr. DESMARAIS. Yes, sir; they did.

Senator HILL. What effect will it have?

Mr. DESMARAIS. Well, I think that reduction was suggested, Senator, because we didn't apply for or receive a supplementary appropriation for the planning of this program, so this is the initial appropriation request for this new bill and there has been, as a result, a sort of a moving ahead for 6 months of the planning and developing phases. That was the reason for the \$45,000 reduction; that is, as I understand it.

Senator HILL. You don't think that \$45,000 will delay you too much, then?

Mr. DESMARAIS. No, I don't.

FACILITY CONSTRUCTION

Senator HILL. Well, you have quite a cut in your construction funds—\$755,000. They reduced you from \$1,080,000 to \$275,000. What will be the effect of that?

Mr. DESMARAIS. Well, the effect of that will be to delay for the appropriate number of month any new facilities. However, we have requested operations money for an additional enrollment of students and we will be able to start the new program even though we will not

be able to—well, also to design our plan for new facilities under this appropriation request although we will not have any funds for a new building.

INCORPORATION OF NEW DEVELOPMENTS

However, as I tried to emphasize in this presentation, we are most anxious, Mr. Senator, that we have a very carefully worked-out program plan, taking advantage of all of the new developments in education of the deaf as well as secondary education before we build any buildings.

As you pointed out, we don't want new buildings that are simply carbon copies of some of the current academic construction. We have hopes this will be an innovative and model program and this applies to the facilities as well as the instructional program and the teaching program.

I think it is important that the Advisory Committee on Education of the Deaf and the department at Gallaudet work together to get this plan for the program well defined and then we will be in a better position to know exactly what kind of building we need. I can't say we know that today.

Senator HILL. So the denial of the funds really, in your opinion, won't cause any undue delay?

Mr. DESMARAIS. I do not believe so.

Senator HILL. You want time to really work out these plans in a way that will be a challenge and inspiration to the whole of the United States, to the 50 States; is that correct?

Mr. DESMARAIS. Yes.

Senator HILL. Anything you would like to add, Mrs. Forsythe?

Mrs. FORSYTHE. No, thank you. He covered it all.

Senator HILL. You didn't see one of these schools down in Mexico, did you?

Mrs. FORSYTHE. No, sir; I think this is going to be like the NTID, a very unique school, and probably there is nothing like it anywhere.

Senator HILL. Anything you would like to add, sir?

CONSTRUCTION CAPABILITY

Mr. CORNETT. I would say only that the reduction is quite in line with realities in this respect: that without the \$55,000 of construction money in the supplemental for fiscal year 1967 it would not be possible from the standpoint of the college to spend \$1,030,000 wisely. The \$425,000 represents what can be spent wisely starting without a supplemental in the fiscal year 1967 budget.

Senator HILL. Since you didn't get your supplemental?

Mr. CORNETT. The other is appropriate.

Senator HILL. Thank you very much.

GALLAUDET COLLEGE, SALARIES AND EXPENSES

STATEMENT OF LEONARD M. ELSTAD, PRESIDENT, ACCOMPANIED
BY GEORGE E. DETMOLD, DEAN; R. ORIN CORNETT, VICE PRESI-
DENT FOR LONG-RANGE PLANNING; PAUL K. NANCE, BUSINESS
MANAGER; AND JAMES F. KELLY, ASSISTANT SECRETARY-
COMPTROLLER

APPROPRIATION ESTIMATE

GALLAUDET COLLEGE, SALARIES AND EXPENSES

For the partial support of Gallaudet College, including personnel services and miscellaneous expenses, and repairs and improvements as authorized by the Act of June 18, 1954 (Public Law 420), **[\$2,520,000]** \$2,878,000: *Provided*, That Gallaudet College shall be paid by the District of Columbia, in advance at the beginning of each quarter, at a rate not less than \$1,640 per school year for each student receiving elementary or secondary education pursuant to the Act of March 1, 1901 (31 D.C. Code 1008).

Amounts available for obligation

	1967 estimate	1968 estimate
Appropriation or estimate.....	\$2, 520, 000	\$2, 878, 000
Proposed for separate transmittal: Pay supplemental.....	22, 000	-----
Advances and reimbursements from non-Federal sources.....	1, 446, 000	1, 600, 000
Total, available for obligations.....	3, 988, 000	4, 478, 000

Obligations by activities

	1967 estimate		1968 estimate		Increase (+) or decrease (-)	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
General administration.....	62	\$839, 579	65	\$881, 676	+3	+\$42, 097
Resident instruction and departmental re- search:						
(a) Gallaudet College.....	106	1, 194, 239	121	1, 485, 583	+15	+291, 344
(b) Kendall School.....	24	211, 688	31	306, 696	+7	+95, 008
Organized research.....	8	95, 005	8	108, 949	-----	+13, 944
General library.....	9	147, 603	10	166, 728	+1	+19, 125
Operation and maintenance of physical plant.....	73	695, 067	68	684, 200	-5	-10, 867
Auxiliary enterprises.....	22	671, 929	22	711, 278	-----	+39, 349
Student aid.....	-----	132, 890	-----	132, 890	-----	-----
Total, obligations.....	304	3, 988, 000	325	4, 478, 000	+21	+490, 000

Obligations by object

	1967, estimate	1968, estimate	Increase (+) or decrease (-)
Total number of permanent positions.....	304	325	+21
Full-time equivalent of all other positions.....	17	17	-----
Average number of all employees.....	312	333	+21
Personnel compensation:			
Permanent positions.....	\$2, 407, 583	\$2, 837, 241	+\$429, 658
Positions other than permanent.....	144, 611	144, 611	-----
Other personnel compensation.....	12, 100	12, 100	-----
Total, personnel compensation.....	2, 564, 294	2, 993, 952	+249, 658
Personnel benefits.....	192, 798	223, 652	+30, 854
Travel and transportation of persons.....	12, 700	14, 000	+1, 300
Transportation of things.....	2, 225	2, 225	-----
Rent, communications, and utilities.....	119, 185	139, 585	+20, 400
Other services.....	539, 608	523, 670	-15, 938
Supplies and material.....	301, 780	316, 906	+15, 126
Equipment.....	122, 520	131, 120	+8, 600
Grants, subsidies and contributions.....	132, 890	132, 890	-----
Total, obligations by object.....	3, 988, 000	4, 478, 000	+490, 000

Summary of changes

1967 enacted appropriation	\$2, 520, 000
Proposed supplemental: Increased pay costs.....	22, 000
1967 estimated advance and reimbursements from non-Federal sources	1, 446, 000
Total estimated obligations, 1967.....	3, 988, 000
1968 appropriation requested.....	2, 878, 000
1968 estimated advance and reimbursements from non-Federal sources	1, 600, 000
Total estimated obligations, 1968.....	4, 478, 000
Total change.....	+490, 000

	Base		Change from base	
	Posi- tions	Amount	Posi- tions	Amount
INCREASES				
A. Built in:				
1. Regular annual increment for nonfaculty staff.....				\$31,831
2. Increased auxiliary service costs related to expanded student body.....	22	\$661,929		44,028
Subtotal, built-in increases.....				75,859
B. Program:				
1. Instruction, library and administrative increases related to increased enrollment.....	201	2,332,859	+20	225,085
2. Strengthening and improving educational programs of the laboratory school.....			+5	57,911
3. Upgrading of faculty salary schedule pursuant to biennial revision program.....				181,900
4. Further mechanization of business activities.....		7,000		4,000
5. Extension of written communication system for the deaf.....		3,250		13,800
6. Establishment of the Alumni Relations Office.....			+1	14,445
Subtotal, program increases.....			+26	+497,141
Total, program increases.....			+26	+573,000
DECREASES				
Cost reduction of maintenance activities.....			-5	23,000
Nonrecurring items of equipment.....				10,000
Master plan study.....				50,000
Total decreases.....				-83,000
Total net change requested.....			+21	+490,000

EXPLANATION OF CHANGES

*Increases**Built-in*

1. The sum of \$31,831 is needed to provide regular annual increments and related personnel benefits to non-faculty staff.

2. An increase of \$44,028 for auxiliary services is required to provide necessary service to an expanded student body primarily for food and laundry service and increased bookstore costs.

Program

1. To accommodate the increased student enrollment predicted for fiscal year 1968, the amount of \$225,085 for 20 faculty, administrative and staff positions and related expenses is needed.

2. To strengthen and improve the educational program of the laboratory school, 5 faculty and staff positions and related expenses, the amount of \$57,911 is requested.

3. To keep the faculty salary schedule in line with other colleges comparable in size with Gallaudet, \$181,900 is sought.

4. For rental of an electronic accounting machine to improve internal control and more efficiently handle accounting work that is now done manually, \$4,000 is requested.

5. To expand our written telecommunication system because of its effectiveness in communicating with the many deaf on our staff who are scattered throughout our many buildings, \$13,800 is requested.

6. To establish an Alumni Office for closer liaison between the college and its Alumni, \$14,445 is requested.

GENERAL STATEMENT

Gallaudet College is the only institution in the world devoted to the higher education of the deaf. It was established by Act of Congress in 1857 and was authorized by Congress in 1864 to grant degrees. Public Law 420 (83rd Congress) revised its charter and defined its relationship with the Federal Government, from which it has always received substantial support.

Program

A small college of liberal arts and sciences, Gallaudet College offers the courses of study common to such institutions. In addition, it offers college preparatory studies to the great majority of its new students, most of whom have not been able to secure a full senior high school education in their home states. A graduate school offers advanced degrees in audiology, speech pathology, and the education of the deaf. Affiliated with this school are laboratory facilities providing nursery, elementary, and secondary education to deaf children.

Research into deafness is one of the purposes of the College, as they are defined in the by-laws of its governing board. No other center in the world has Gallaudet's opportunities for research in this field. These opportunities include a population of deaf people of all ages; access to other populations of deaf throughout the United States; and a faculty able to bring the resources of their separate disciplines to bear upon the program of the deaf students in their classes.

Accreditation

Gallaudet College was first accredited by the Middle States Association of Colleges and Secondary Schools on May 1, 1957, after many years of effort toward this goal. Three annual progress reports required by the association as a condition of accreditation have been submitted and approved. In 1967 the college will be evaluated again.

The National Council for Accreditation of Teacher Education has accredited the college's graduate teacher education program at the elementary and secondary levels.

Enrollment

A total of 1,253 persons were registered during the Fiscal Year 1966, distributed as follows: 783, preparatory and undergraduate schools; 40, graduate school; 226, summer schools; 154, elementary and secondary schools; and 50, nursery school.

Graduates

In the Spring of 1966, the College had the largest graduating class in its history. 99 Bachelor's and 14 Master's degrees were conferred upon graduates from 33 states, the District of Columbia, and 4 foreign countries.

Of the 1965 graduates, 30% entered graduate schools, 51% were employed in professional fields; and the rest were in various other employment or unreported.

Long-range planning

The College is now in the middle stages of development of a long-range master plan for Gallaudet College covering the decade 1968-1978. Already completed are ten-year projections of enrollment, to be revised and updated annually, a study of the College's use of instructional space, and a preliminary curriculum study.

In progress are long-range curriculum planning and the early phases of staff, organization and facilities planning. Specific emphasis is being given to the matter of computer-assisted instruction and its potential impact upon curriculum, staff, facilities and budget. We are consulting with experts in computer-assisted instruction and developing tentative plans for effective utilization of this important new educational tool with the deaf. We are also considering possible methods of utilizing computer-assisted instruction in cooperation with the residential school, day schools, and day classes for the deaf. The College is continuing its efforts in upgrading the teaching facilities, which require improved equipment.

In the areas of computer-assisted instruction and facilities planning we are utilizing the services of carefully selected consultants. The provision of funds for this purpose in the current budget is making it possible to secure the assistance of highly competent personnel in the most specialized areas of planning.

The schedule for development of the master plan calls for completion of the tentative version by the Spring of 1967. The finished Master Plan, including substantial detail regarding curriculum, staff, organization, building, and campus development and financial requirements, is to be ready early in 1968. It will thereafter be updated year by year in the light of enrollment trends and other factors which make revisions either necessary or desirable.

Objectives of the 1968 budget estimates

An increase in obligations of \$490,000 for Fiscal Year 1967 will make it possible to provide additions to the teaching staff and supporting staff in order to accommodate an increased enrollment, to provide regular annual increments to faculty and staff, and to make some educational and administrative improvements. Allowances were made for a master plan study and initiation of an orientation program for new teaching staff, as recommended by the Secretary's Advisory Committee on the Education of the Deaf.

The goals reflected in the 1968 budget estimates are similar to those of 1967. New faculty are requested to maintain a 1 to 10 ratio of teachers to students in the college departments.

1. Biennial revision of the faculty salary schedule.
2. Partial reorganization of the laboratory schools to achieve the 1-6 ratio professionally recommended. This request improved the ratio to 1-6.7.
3. Extension of written telecommunication systems for deaf employees of the college.
4. Improvement of alumni relations.

Federal support

Approximately two-thirds of the college's operating costs are borne by Federal appropriations. The college respectfully requests an appropriation of \$2,878,000, an increase of \$336,000, for salaries and expenses in fiscal year 1968.

JUSTIFICATION BY ACTIVITY

GROUP 1.—GENERAL ADMINISTRATION

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	62	\$626,379	65	\$693,576	+3	+\$67,197
Other expenses.....		213,200		188,100		-25,100
Total.....	62	839,579	65	881,676	+3	+42,097

General statement and purposes of increases

This activity includes the operation of general executive and administrative offices serving the college as a whole. Here educational and management policies are determined.

Included in this activity are two sub-activities. Student services for the welfare of the students; and the General Institutional Expenses covering the administrative costs of the college as a whole.

The requested increases under this activity for the fiscal year 1968 are:

1. Additional administrative staff..... \$23,422

Throughout these estimates, non-teaching supporting staff are requested at a ratio of approximately 1 to each two new teaching positions. A total of 8 new staff positions are requested to support 18 new faculty: 3 in Administration; 3 in Gallaudet College; 1 in the Kendall School; and 1 in the Library.

An amount of \$23,422 is requested for two additional positions: an Assistant Dean of Women, and a Programmer for the electronic data processing laboratory. The Assistant Dean of Women is necessary to relieve the present Dean of Women of some of the burdens of a rising enrollment. The programmer is necessary if the electronic data processing laboratory is to handle its rapidly growing workload in research and administration.

The cost of the increases are:

Assistant dean of women.....	\$9,675
Programmer.....	10,290
Personnel benefits.....	1,457
Related supplies and equipment.....	2,000
Total	23,422

2. Establishment of the Office of Alumni Relations..... 14, 445

The principle that a college has a responsibility to its alumni (and they to the college) is well established in American higher education. It would be difficult to name any reputable four-year college that does not acknowledge this responsibility by maintaining an alumni office within its administrative structure. Yet Gallaudet has maintained relations with its alumni, up to this date, on a purely informal and volunteer basis. Those who are familiar with the history of the college, especially in recent years, will recognize a need for improvement in relations that is not likely to develop without the establishment of an alumni office.

The cost of increase aggregates to \$14,445 with the position:

Salary of the director.....	\$12, 350
Personnel benefits.....	895
Office supplies and equipment.....	1, 200

Total 14, 445

3. Revision of administrative salaries (faculty scale)..... 21, 094

Personnel compensation.....	19, 715
Personnel benefits.....	1, 379

Total..... 21, 094

Ever since a faculty salary schedule was established at Gallaudet, it has been based upon the average salaries paid in six small Institutions in the New England and Middle Atlantic area. These Institutions were selected by the AAUP, and their salaries reported either biennially or annually. As salaries have risen in these Institutions, Gallaudet has applied for, and received, increases in its own salaries, so that some degree of comparability has been maintained. They have never been as high as in the six Institutions for two reasons:

(1) Between the time that actual figures are reported to the AAUP and Gallaudet's budget request is prepared and approved, there is a time lag of two years.

(2) Automatic increments provided by the Gallaudet schedule have never been high enough to avoid considerable lagging behind the growth of salaries in the six Institutions.

In the AAUP average salary rankings, Gallaudet's salaries will earn a C in all four faculty ranks if no adjustment is made in the schedule. If the proposed adjustment is made, Gallaudet will earn a low B grade in the ranks of Professor, Associate Professor, and Instructor, and a high C in the rank of Assistant Professor.

	Average salaries in the 6 institutions	Average salaries at Gallaudet	Difference
Professor.....	\$15, 723	\$13, 720	—\$2, 003
Associate professor.....	11, 350	9, 954	—1, 396
Assistant professor.....	8, 666	7, 859	—807
Instructor.....	7, 317	6, 822	—495
All ranks combined.....	11, 559	8, 975	—2, 584

There is no prospect of raising Gallaudet salaries in all ranks combined to those of the six Institutions, since Gallaudet has a much larger proportion of its faculty in lower ranks. But it is possible to raise the average salary in each rank to the approximate average in each rank paid by the six Institutions. To do this, and to include \$4,000 for promotions from one rank to another, would require the amount requested—\$170,000, plus \$11,900 for related fringe benefits, which will be distributed as follows:

	Personnel compensation	Personnel benefits	Total
General administration.....	\$19,715	\$1,379	\$21,094
Gallaudet College.....	115,813	8,106	123,919
Kendall School.....	14,123	988	15,111
Organized research.....	12,331	863	13,194
General library.....	8,021	561	8,582
Total.....	170,003	11,897	181,900

4. Annual increment for nonfaculty staff..... \$11,436

Among the mandatory increases is provision of an annual increment to non-faculty members. The amount of increment is comparable with the Federal Government's general schedule rates. The cost of increases, including fringe benefits, aggregates to \$31,831, as follows:

	Personnel compensation	Personnel benefits	Total
General administration.....	\$10,689	\$747	\$11,436
Gallaudet College.....	998	70	1,068
Kendall School.....	201	15	216
Organized research.....	701	49	750
General library.....	847	60	907
Operations and maintenance.....	11,339	794	12,133
Auxiliary enterprises.....	4,973	348	5,321
Total.....	29,748	2,083	31,831

5. Expansion of written telecommunication system..... \$13,800

The question of communicating with deaf employees (aside from face-to-face communication) has always been troublesome. As the campus has grown, and as their number has grown, and as they have been scattered about in various offices, the problem has worsened. The 1966 appropriation provided funds for a new device, the Electrowriter, which was established at six stations on the campus and proved to have all the conveniences of the telephone. On the principle that deaf persons should be treated whenever possible the same as hearing persons, we have asked for funds in the amount of \$13,800 to establish eighteen additional stations with Electrowriters.

6. Communications and travel costs..... \$3,900

Funds requested herewith are to allow communications and travel costs for new positions requested for 1968 and are as follows: \$1,300 for travel; and \$2,600 for communications, based on an average of \$50 for travel and \$100 for communications per new position.

7. Improvement of the mechanization of the accounting office..... \$4,000

The net sum of \$4,000 is requested to rent an electronic accounting machine, replacing two sensimatic machines and some manual accounting systems in order to provide more accurate and up-to-date reports. It will improve internal control and give greater assurance as to safety and the validity of expenditures, and also eliminate some overlapping among the accounting systems.

8. Nonrecurring cost (master plan study)..... (\$50,000)

962 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

GROUP 2. RESIDENT INSTRUCTION AND DEPARTMENTAL RESEARCH

(a) Gallaudet College

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	106	\$1,139,889	121	\$1,414,433	+15	+\$274,544
Other expenses.....		54,350		71,150		+16,800
Total.....	106	1,194,239	121	1,485,583	+15	+291,344

General statement and purposes of increase

This activity includes obligations incurred for instructional programs directly in the College of Liberal Arts, Graduate School, Pre-School, and Summer Schools. The costs cover salaries for departmental chairmen, teaching staff and their supporting staff; office and laboratory expenses and equipment, and other departmental expenses.

The requested increase under this activity for the fiscal year 1968 is:

1. Additional teachers for expanded enrollment in the College and nursery school..... \$115,823

An amount of \$104,241 is requested for 9 additional teachers in the college departments, to maintain a 10-1 ratio of students to teachers. For the nursery school, \$11,582 is sought for one additional teacher to aid in reaching a 6-1 ratio.

Salaries for new teachers as computed by multiplying the average salary (\$9,675) by the number of teachers requested (10):

Salaries for 10 teachers at \$9,675.....	\$96,750
Personnel benefits.....	7,073
Related supplies and equipment at \$1,200.....	12,000
Total.....	115,823

2. Additional supporting staff..... \$27,370

Funds of \$40,316 are requested for three additional positions in the staff supporting the academic and research activities of the college. These positions are necessary to accommodate increasing demands upon the professional personnel of the college. The distribution of staff to this activity is discussed under General Administration Justification.

Estimated requirements for this program are:

Technicians, 2 at \$8,745.....	\$17,490
Secretary	5,762
Personnel benefits.....	1,718
Related supplies and equipment.....	2,400
Total.....	27,370

3. Upgrading the nursery school..... \$23,164

An amount of \$23,164 is urgently needed for two additional teaching positions in the nursery school in order to aid in bringing the pupil-teacher ratio closer to the 1-6 figure recommended by educators of the deaf.

The cost of improvements are as follows:

2 faculty positions at \$9,675.....	\$19,350
Personnel benefits.....	1,414
Related supplies and equipment.....	2,400
Total	23,164

4. Faculty Salary Revisions.....	\$123,919
Personnel compensation	\$115,813
Personnel benefits	8,106

Total	123,919
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(See general administration activity for justification.)

5. Annual increment for nonfaculty staff-----	\$1, 068
Personnel compensation-----	\$998
Personnel benefits-----	70

Total ----- 1, 068

(See general administration activity for justification.)

(b) *Kendall School*

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits-----	24	\$202, 938	31	\$289, 946	+7	+\$87, 008
Other expenses-----		8, 750		16, 750		+8, 000
Total-----	24	211, 688	31	306, 696	+7	+95, 008

General statement and purposes of increase

The Kendall School is a laboratory school of the Graduate School. It provides elementary and secondary education for deaf children in the District of Columbia and adjacent areas.

The requested increases under this activity for fiscal year 1968 are:

1. Additional positions for increased enrollment-----\$44, 934

An amount of \$44,934 is requested for three additional teachers in the Kendall School. Salary for new teachers is computed at the average faculty salary of \$9,675. An additional position is sought for supervision of recreational activities.

The cost of increases is distributed as follows:

Teachers, 3, at \$9,675-----	\$29, 025
Recreation director-----	8, 745
Personnel benefits-----	2, 764
Related supplies and equipment-----	4, 400
Total -----	44, 934

2. Upgrading the Kendall School-----\$34, 747

In addition, an amount of \$34,747 is requested for improving the educational and administrative programs of the Kendall School, providing for three new positions.

The Kendall School is presently understaffed with classroom teachers. Student teacher ratio is 8.9-1; this is nearly 50% higher than the 6-1 ratio recognized by educators of the deaf as the maximum effective class size.

The laboratory schools (Kendall School and the Nursery School) serve the college's Graduate School as facilities for observation, clinical practice, and student teaching. They should in every sense be models of the best that can be achieved in the nursery and elementary education of the deaf.

The cost of this program aggregates to:

Teachers, 3, at \$9,675-----	\$29, 025
Personnel benefits-----	2, 122
Related supplies and equipment-----	3, 600
Total -----	34, 747

3. Faculty salary revision-----\$15, 111

(Personnel compensation \$14,123; personnel benefits \$988.)

(See General Administration Activity for full justification.)

4. Annual increment for nonfaculty staff-----\$216

(Personnel compensation, \$201; personnel benefits \$15.)

(See general administration activity for explanation.)

GROUP 3. ORGANIZED RESEARCH

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	8	\$94,005	8	\$107,949	-----	+\$13,944
Other expenses.....		1,000		1,000	-----	
Total.....	8	95,005	8	108,949	-----	+13,944

General statement and purposes of increase

Under this activity are obligations related to conducting research into deafness by four research offices: hearing and speech, institutional, linguistics, and psychological not financed by grants. Grants for research received by the college are budgeted separately.

The requested increases under this activity for fiscal year 1968 are:

1. Faculty salary revision..... \$13,194
(Personnel compensation \$12,331; personnel benefits \$863.)
(See general administration activity for full justification.)
2. Annual increment for nonfaculty staff..... \$750
(Personnel compensation \$701; personnel benefits \$49.)
(See general administration for explanation.)

GROUP 4. GENERAL LIBRARY

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	9	\$96,978	10	\$115,303	+1	+\$18,325
Other expenses.....		50,625		51,425	-----	+800
Total.....	9	147,603	10	166,728	+1	+19,125

General statement and purposes of increase

The general library serves the needs of all departments and programs of the college and forms the core of much of the course work of the students. The obligations incurred under this activity cover the salaries of the staff, other operating expenses, books, and binding costs.

The requested increases under this activity for fiscal year 1968 are:

1. Assumption of increased library workload..... \$9,636
One additional non-professional position is requested to take care of increased workload in the library. The ratio determined was discussed under the General Administration activity.
Salary \$8,230
Personnel benefits..... 606
Related supplies and equipment..... 800
Total 9,636
2. Faculty salary revision..... \$8,582
(Personnel compensation \$8,021; personnel benefits \$561.)
(See general administration activity for full justification.)
3. Annual increment for nonfaculty staff..... \$907
(Personnel compensation \$847; personnel benefits \$60.)
(See general administration activity for explanation.)

GROUP 5. OPERATIONS AND MAINTENANCE OF PHYSICAL PLANT

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	73	\$435, 677	68	\$429, 850	-5	-\$5, 827
Other expenses.....		259, 390		254, 350		-5, 040
Total.....	73	695, 067	68	684, 200	-5	-10, 867

General statement and purposes of increase

This activity consists of obligations incurred in custodial service, maintenance and operation of grounds and buildings, and security functions . . . day-to-day necessities for the continuous operation of the college plant which covers 92 acres and includes 29 buildings. The buildings and grounds force also provides service to the instructional, research, administrative, and auxiliary functions of the college.

The requested increases under this activity for the fiscal year 1968 are:

1. Annual increment for nonfaculty staff..... \$12, 133
(Personnel compensation \$11,339; personnel benefits \$794.)
(See general administration activity for explanation.)
2. Cost reduction..... \$23, 000

A study is now underway to reduce maintenance costs and for more efficient operation which will be initiated as of the beginning of the fiscal year 1968. It is planned that by establishing priorities as to type of maintenance to be performed, revising and refining procedures and techniques, and by developing a more formalized program of preventive maintenance a more effective system of maintenance and operation can be implemented on a gradual basis. An example of one possible implementation of a more effective system is a consideration as to whether or not the college should contract or employee its own staff for certain specialized services such as trash hauling and security service. In this instance, the college is seriously considering contractual service for these reasons: slight savings in funds and what seems to be a somewhat more effective program.

GROUP 6. AUXILIARY ENTERPRISES

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	22	\$161, 226	22	\$166, 547		+\$5, 321
Other expenses.....		510, 703		544, 731		+34, 028
Total.....	22	671, 929	22	711, 278		+39, 349

General statement and purposes of increase

Under this activity are obligations incurred for operation of food services, bookstore, athletics, and student residence halls, most of which are self-supporting.

The requested increases under this activity for the fiscal year 1968 are:

1. Accommodation for expanded enrollment..... \$44, 028

The amount requested is based on predicted increase of enrollments applied to the average cost per student for food and laundry services, and bookstore inventory, all of which are financed by the Auxiliary Enterprises receipts.

Food service..... \$32, 802
Laundry services..... 1, 260
Bookstore purchases..... 9, 966

Total..... 44, 028

2. Annual increment for nonfaculty staff..... \$5,321
 (Personnel compensation \$4,973; personnel benefits \$348.)
 (See general administration activity for explanation.)
3. Nonrecurring items..... (\$10,000)

GROUP 7. STUDENT AID

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....						
Other expenses.....		\$132,890		\$132,890		
Total.....		132,890		132,890		

General statement and purposes of increase

The obligations incurred under this activity cover grant-in-aid awarded to the students in the form of remission of their tuition and fees. It has been the college's policy not to reject any qualified student because of his financial difficulty.

No increases under this activity are anticipated for fiscal year 1968.

TABLE I.—Total enrollment for fall semester, fiscal years of 1966, 1967, and 1968

	1965-66, actual	1966-67, estimate	1967-68, estimate
Gallaudet College:			
Preparatory and undergraduate.....	762	816	910
Graduates.....	36	61	70
Total.....	798	877	980
Kendall School.....	141	155	173
Nursery school.....	46	41	47
Total.....	985	1,073	1,200

TABLE II.—Total enrollment for the fiscal years 1966, 1967, and 1968

	1965-66, actual	1966-67, estimate	1967-68, estimate
Gallaudet College:			
Preparatory and undergraduate.....	783	833	930
Graduate.....	40	62	72
Summer school.....	226	231	231
Total.....	1,049	1,126	1,233
Kendall School.....	154	159	177
Nursery school.....	50	45	51
Total.....	1,253	1,330	1,461

TABLE III.—Full-time equivalent enrollment for the fiscal years 1966, 1967, and 1968

	1965-66, actual	1966-67, estimate	1967-68, estimate
Gallaudet College:			
Preparatory and undergraduate.....	724	772	860
Graduate.....	35	60	69
Summer school.....	226	231	231
Total.....	985	1,063	1,160
Kendall School.....	145	157	175
Nursery school.....	27	30	36
Total.....	1,157	1,250	1,371

TABLE IV.—*Analysis of financing for fiscal years 1966-68*

	1966 actual	1967 estimate	1968 estimate
From non-Federal sources:			
1. Student fees:			
Gallaudet College.....	\$287,600	\$426,885	\$469,885
Kendall School.....	143,198	157,410	186,930
Nursery school.....	15,422	17,925	21,465
Total, student fees.....	446,220	602,220	678,280
2. Sales and services of educational departments.....	3,937	5,470	5,760
3. Other sources.....	45,027	33,740	37,725
4. Auxillary enterprises.....	728,536	804,570	878,235
Total, non-Federal sources.....	1,223,720	1,446,000	1,600,000
Federal appropriation.....	2,297,656	2,542,000	2,878,000
Total financing.....	3,521,376	3,988,000	4,478,000

New positions requested, fiscal year 1968

General administration:

Assistant dean of women.....	\$9,675
Programer.....	10,290
Director, alumni relations.....	12,350
Total (3).....	<u>32,315</u>

Resident instruction and Dept. Res.

A. Gallaudet College:

Teachers, college (10).....	96,750
Teachers, nursery (2).....	19,350
Technicians (3).....	17,490
Secretary.....	5,762

 Total (15)..... 139,352

B. Kendall School:

Teachers (6).....	58,050
Recreation director.....	8,745

 Total (7)..... 66,795

General library: Clerk (1)..... 8,230

 Total positions, all activities (26)..... 246,692

APPROPRIATION ESTIMATE

GALLAUDET COLLEGE, CONSTRUCTION

For construction, alteration, renovation, equipment, and improvement of buildings and facilities on the grounds of Gallaudet College, as authorized by the Act of June 18, 1954 (Public Law 420), under the supervision, if so requested by the College, of the General Services Administration, including planning, architectural, and engineering services, **[\$70,000]** \$2,196,000 to remain available until expended.

Amounts available for obligation

	1967	1968
Appropriation.....	\$70,000	\$2,196,000
Unobligated balance brought forward.....	659,638	—
Unobligated balance carried forward.....	—	—439,000
Total.....	729,638	1,757,000

968 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Obligations by activity

Activity	1967	1968	Increase or decrease
Design, supervision, etc.....	\$307,630	\$75,000	-\$232,630
Construction.....	330,918	1,682,000	+1,351,082
Major repair and preservation of buildings and grounds.....	91,090		-91,090
Total, obligations and balance.....	729,638	1,757,000	+1,027,362

Obligations by object

	1967	1968	Increase or decrease
Printing and reproduction.....		\$4,000	+\$4,000
Other services.....	\$406,820	71,000	-335,820
Supplies and material.....	495		-495
Equipment.....	322,323	100,000	-222,323
Lands and structures.....		1,582,000	+1,582,000
Total, obligations by object.....	729,638	1,757,000	+1,027,362

Summary of changes

1967 enacted appropriation.....	\$70,000
Unobligated balance brought forward.....	659,638
Total estimated obligations, 1967.....	729,638
1968 estimated obligations.....	1,757,000
Total change.....	+1,027,362

Increases:

Program:

1. Planning funds: (a) Fourth dormitory.....	75,000
2. Construction funds:	
(a) Third dormitory.....	1,356,000
(b) Classroom-laboratory addition.....	765,000
Total, program increase.....	2,196,000

Decreases:

A. Nonrecurring projects:

Renovation and improvement.....	-50,000
Planning—Cafeteria addition.....	-20,000

B. Built in:

Change in unobligated balance carried forward:	
1967.....	
1968.....	-439,000
Change in unobligated balance brought forward:	
1967.....	-659,638
1968.....	

Total, decrease..... -1,168,638

Total, net change..... +1,027,632

GENERAL STATEMENT

The Gallaudet College Construction Program began in 1956 and consisted of a multiple stage program for the expansion of the physical plant to accommodate the increasing student body and to provide more modern and adequate facilities for all phases of college activities. Between 1956 and 1964 over fourteen million dollars was appropriated to the college for renovation and repair of existing buildings, landscaping, and for new construction.

The 1966 appropriation provided \$384,000 for planning funds for additions to the Classroom Building and Library, for continued repair and renovation, and furnishings and equipment for the new Arts Building and Speech and Hearing Center.

An appropriation of \$70,000 in fiscal year 1967 provides for extensive roof repairs to College Hall (a dormitory for men), the classroom-laboratory building, and repairs to the streets and planning funds for an addition to the Cafeteria.

Requests for \$2,196,000 in fiscal year 1968 are to provide for (1) planning funds for the fourth dormitory; (2) construction funds for an addition to the classroom-laboratory building and a third dormitory.

The requests in estimate 1968 provide for the following projects and costs:

1. Planning funds: Fourth dormitory-----	\$75,000
2. Construction funds: -----	2,121,000
(a) Third dormitory -----	1,356,000
(b) Classroom-laboratory addition -----	765,000
Total, 1968 estimate-----	2,196,000

1. Planning funds: Fourth dormitory-----	\$75,000
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According to enrollment projections, even if a third dormitory is ready by September, 1968, and a fourth by September 1970, it will still be necessary to retain College Hall as a dormitory, to give up the present practice of reserving Fowler Hall for graduate students, and to reopen the old faculty houses 3, 4, 7, and 8 for undergraduate students by 1969. If a fourth dormitory is not ready for occupancy by September, 1970, the situation will be desperate.

2. Construction funds -----	\$2,121,000
(a) Third dormitory -----	\$1,356,000

It will be necessary to build this dormitory on a crash basis if it is to be ready for occupancy by September, 1968, by which date enrollment projections indicate that it will be essential. At that time the enrollment of men students will exceed dormitory capacity by 118 (low projection) to 147 (high projection) if the dormitory is not ready, and all available facilities for women will be full, including Fowler Hall, from which graduate students will have to be moved to Houses 3, 4, 7, and 8.

(b) Classroom-laboratory addition -----	\$765,000
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An appropriation for \$765,000 is requested for construction of an addition to the existing classroom-laboratory building, a high priority project which should be available for occupancy at the earliest possible time. Planning funds of \$85,000 were appropriated in 1966 and an architect is currently engaged in its preparation.

It is necessary now that construction be authorized. The college's survey of classroom use in the Fall of 1965 showed that Gallaudet's usage was higher than 80% of the 66 Liberal Arts Colleges for which the Educational Facilities Laboratory publishes normative data. With a constantly increasing enrollment and teaching staff, the college is very hard-pressed for the additional classroom, laboratory and office space that the addition to its present building is designed to provide.

The proposed facility is to be constructed as an addition on the present center wing running parallel with the east wing of the building. The structure is to have three stories plus a small basement for storage. The upper floors will contain office and classrooms similar to those in the present building. The entire wing will be air-conditioned from a central system. The addition will be of reinforced concrete construction, with brick face and stone trim to match the present building. The addition will provide a gross area of 28,000 square feet.

LIBERAL ARTS, SCIENCE, AND PREPROFESSIONAL EDUCATION

Senator HILL. Next is Dr. Elstad. We are happy to have you, sir. Proceed in your own way.

Mr. ELSTAD. I appreciate the opportunity to appear before this committee and to present the financial requests of Gallaudet College for the fiscal year 1968.

As is generally known, Gallaudet College is the only institution in the country which has been established exclusively for deaf students.

From 90 to 95 percent of all deaf people who have gone to college in this country have gone to Gallaudet. The program emphasis at Gallaudet is on liberal arts and science and preprofessional education.

The college was chartered by the Congress in 1864. Under provisions of Public Law 420 in the 83d Congress, the college is established as a private corporation, governed by a Board of Directors, with representation from the general public, alumni, and executive and congressional branches of the Federal Government.

FEDERAL SUPPORT

Financial support by the Federal Government has sustained the college through the past 102 years, and has made possible the rapid expansion and many improvements in recent years. Federal funds, which constitute about two-thirds of the college's income for operating expenses, have increased from \$615,000 for fiscal year 1957 to \$2,542,000 for fiscal year 1967.

In addition, from fiscal year 1956 to fiscal year 1967, inclusive, \$14,808,000 in construction funds have been appropriated by the Congress in order to expand and modernize Gallaudet's plant and facilities.

It is important to note that the college's accreditation by the Middle States Association of Secondary School and Colleges in 1957, and its subsequent growth in size and in reputation, could not have been attained without the interest of the Congress and of the executive branch.

The college has just been visited by the accreditation committee; they made a reevaluation which will be presented to the committee later in May. We will hear the results then.

SERVICE AND RESEARCH

Although most of Gallaudet College's educational program currently involves undergraduate education, its reputation and its faculty have attracted such support from outside agencies that it now provides substantial assistance to the education of the deaf generally.

Through its service and research programs, financed largely by such agencies as the Office of Education, the National Science Foundation, the Vocational Rehabilitation Administration, and various branches of the Public Health Service, Gallaudet College is able to contribute more and more to the upgrading of preschool, elementary, and secondary education for the deaf.

It is generally understood that the education of the deaf has lagged far behind the regular public educational system for several reasons, including a lack of understanding of the general public as to the problems of educating deaf children and a lack of research in techniques and procedures in educating deaf students.

Gallaudet is contributing substantially to ways and means of closing the gap between educational opportunities for deaf as compared with hearing students. The model high school, recently authorized by the Congress, should also be another means of narrowing the gap by providing an exemplary secondary school program for the deaf.

Although this high school will operate independently of the college program, the two programs will be coordinated.

Further, Gallaudet operates an elementary program—Kendall School—which is designed to provide instruction in elementary and junior high school studies, and to serve as a model laboratory facility for the graduate school of the college.

Most of the pupils come from the District of Columbia. Effective cooperation among the teaching and research faculty in the college and the school constitutes the principal means through which quality instruction is taught.

In conjunction with the hearing and speech center, the nursery school is organized to detect and diagnose hearing losses in children and to provide them and their parents with a followup education.

Basic service functions of the school include clarification of the physical and behavioral status of the child, information and guidance to parents, assistance in developing adequate personal and social maturity required for entrance to a variety of educational settings, and developing a beginning knowledge in the reading, writing, and speaking of English. Thus, Gallaudet College continues to broaden its educational horizons because the needs in the education of the deaf are great and the qualifications of its faculty are reputable in teaching and research.

SALARIES AND EXPENSES

Operating expenses of the college, estimated at a total of \$3,988,000—including the \$22,000 supplemental appropriation under separate transmittal—for fiscal 1967, are expected to increase to \$4,478,000 for fiscal year 1968, an addition of approximately 11 percent, or \$488,000, of which \$324,000 is requested from the Congress, and the balance of \$154,000 is secured from reimbursements.

Senator HILL. By reimbursements, you mean what?

Mr. ELSTAD. Other than appropriated funds.

The proposed increase will be used to employ additional faculty and supporting staff for the expanding enrollment, strengthen and improve the programs of Kendall and nursery schools, upgrade faculty salaries, provide regular increments comparable to those of Federal employees to nonfaculty staff, and other minor items.

CONSTRUCTION

The request for construction funds for fiscal year 1968 totals \$2,196,000. Another dormitory for single men is urgently needed by September 1968. It will be necessary to plan and build this dormitory on a crash basis in order to have it ready by September 1968, otherwise it is estimated that the enrollment of single men will exceed dormitory capacity by at least 118, and possibly as many as 147 students. The estimated cost of construction is \$1,356,000.

CLASSROOM LABORATORY BUILDING

An appropriation of \$765,000 is requested for construction of an addition to the existing classroom laboratory building. The college's

survey of classroom use in the fall of 1965 showed that Gallaudet's usage of space was higher than 80 percent of the 66 liberal arts colleges for which the Educational Facilities Laboratory publishes normative data.

With a constantly increasing enrollment and teaching staff, the college is very hard pressed for instructional space.

DORMITORY FOR SINGLE WOMEN

A request is made for planning funds (\$75,000) to construct a new dormitory for single women. According to enrollment projections, even if the men's dormitory is ready by September 1968, and a women's dormitory by September 1970, it will be necessary to again use small, inadequate faculty houses which were never intended for dormitory use.

Senator HILL. What percentage of the student body is composed of single women today?

Mr. ELSTAD. 45 percent.

Senator HILL. What about married women?

Mr. ELSTAD. All married couples live off of the campus, I imagine about 10 couples or so. Others all live on the campus.

PROGRAM

In summary, Mr. Chairman, the Gallaudet budget request for fiscal year 1968 represents (1) continuing costs of a larger student enrollment; (2) improvement in the quality of programs; and (3) a heavy emphasis on planned growth in quality in an academic atmosphere which provides for the effective education of deaf students regardless of their economic and social backgrounds.

Mr. Chairman, we repeat our appreciation to you and to the Members of Congress for your continuous interest in our program that opens the doors to great opportunities for deaf citizens.

BUDGET BUREAU REDUCTION

Senator HILL. Well, now, Doctor, I notice for your salaries and expenses, your budget was reduced from some \$3,260,000 to \$2,878,000, a reduction of \$328,000.

What will be the effect of that?

Mr. ELSTAD. Most of this was to improve the program in the nursery school and in the Kendall School, which is our laboratory school for teaching, for teacher training.

We feel that is not of the quality it should be. We have reduced the request to what is here and this will help. It is not the full amount we wanted for that program.

ELECTRONIC DATA PROCESS FACILITIES

There is one item we feel sorry for, that is the \$73,000 for electronic data process facilities. We have some 35 graduates that have gone out

as programmers for electronic computers and it is a successful employment for the deaf.

Without the latest machine, the "360"—we have the old one—they go out unprepared because they have not been trained on the latest equipment.

Senator HILL. How old is the oldest?

Mr. DETMOLD. An "IBM 1720" we got about a year ago.

Senator HILL. They have made quite a bit of improvement since then?

Mr. ELSTAD. They have and we need this piece of equipment.

Senator HILL. What would be the cost?

Mr. ELSTAD. \$73,000. You see, that is rental. You don't buy it.

Senator HILL. That is all you need for that?

Mr. ELSTAD. That is right.

Senator HILL. Otherwise you are forced to use the old machinery, old equipment, is that right?

Mr. ELSTAD. That is right.

EQUIPMENT RENTAL

Mr. CORNETT. I might observe, Mr. Chairman, the "1620" was given to the college by an agency which had outgrown its usefulness and we propose not to purchase any equipment of this kind but to rent it so if it becomes obsolete we can change to a different machine.

Senator HILL. You mean, that which you now have was old to start with?

Mr. ELSTAD. It was old to start with.

Senator HILL. How about that, Mr. Kelly?

Mr. KELLY. I think they could use a more modern computer.

Senator HILL. I know they could use it. The question is, don't they need it?

Mr. ELSTAD. It is a wonderful field for the deaf constantly as more go into it. It is something they do very well.

INDUSTRIAL RETRAINING

Mr. CORNETT. To put it simply, our graduates who are trained for use of computers have to be retrained by the companies who employ them with modern equipment.

Senator HILL. Well, that is because your equipment is so obsolete, when they graduate from your school they are not prepared to use the modern equipment which the company employees them has. Is that correct?

Mr. CORNETT. Yes, sir.

BUDGET BUREAU REDUCTION ON CONSTRUCTION

Senator HILL. What about your construction? You have a reduction of \$900,000 on that.

Mr. ELSTAD. One is the library. We will be able to get along without that. Of course, we are going to need it. We have planning money for that. So the plans are made and ready for the construction.

Senator HILL. The plans are all ready?

Mr. ELSTAD. Yes.

Senator HILL. The question is how long you have to wait before you make use of the plans, is that right?

Mr. ELSTAD. Well, until we get the construction money we can't build.

DORMITORIES

The dormitory situation is serious. We have three faculty houses that we can use for dormitory purposes. We would rather not.

Our old college hall is substandard housing for a preparatory department of some 100 boys and it should go out of use as soon as possible so this request is most important.

The plans for the fourth dormitory, as we call it, we hope could be allotted so we don't get further behind.

Senator HILL. The funds for those plans were denied?

Mr. ELSTAD. They are in this budget.

Mr. NANCE. The planning for the fourth dormitory is in the budget.

Mr. ELSTAD. We had 600 students take examinations the first week in March and that is almost 100 more than took them last year and of that group about half of them were successful in passing entrance examinations so the population grows and we want to keep ahead of them.

A few years ago we had to put three beds in two bedroom dormitories and it does not work well. It was an unpopular move and not a good one.

Senator HILL. Does that situation exist today?

Mr. ELSTAD. No, we don't have three to a room now.

CAFETERIA ENLARGEMENT

Senator HILL. Last year, as I recall, we allowed planning funds for the enlargement of the cafeteria. Have the plans been made?

Mr. ELSTAD. The plans have been or are being drawn and will be ready by June 1.

Senator HILL. This year?

Mr. ELSTAD. That is right.

Senator HILL. That will be a month before the new fiscal year starts?

Mr. ELSTAD. Yes.

Senator HILL. But you have no funds in here for the construction?

Mr. ELSTAD. That is right.

Senator HILL. What do you contemplate the cafeteria enlargement will cost?

Mr. ELSTAD. About \$250,000, additional.

Senator HILL. That is as your plans are now drawn?

Mr. ELSTAD. Yes.

Senator HILL. Anything you would like to add, Doctor?

Mr. ELSTAD. No, we appreciate all of the help we have gotten. It has been wonderful.

Senator HILL. We want to keep on helping you. I think you do a wonderful job out there. Anything any of you gentlemen would like to add?

Mr. NANCE. No comment. We appreciate your interest.

Senator HILL. It is always good to have you gentlemen here. Thank you very much.

HOWARD UNIVERSITY, SALARIES AND EXPENSES

STATEMENT OF JAMES M. NABRIT, JR., PRESIDENT; ACCOMPANIED BY DR. CHARLES E. BURBRIDGE, SUPERINTENDENT, FREEDMEN'S HOSPITAL; HOUSTON A. BAKER, DEPUTY SUPERINTENDENT; DOROTHY H. BAYEN, BUDGET DIRECTOR; JAMES B. CLARKE, TREASURER; JULIAN A. COOK, COORDINATOR ON THE BUILDING PROGRAM; HERBERT L. HUNT, ASSISTANT SUPERINTENDENT; DR. R. FRANK JONES, MEDICAL DIRECTOR; G. FREDERICK STANTON, SECRETARY; ERNEST R. ROTH, DIRECTOR, ESTIMATES DIVISION OF PUBLIC BUILDING SERVICE; AND JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER

APPROPRIATION ESTIMATE

HOWARD UNIVERSITY, SALARIES AND EXPENSES

For the partial support of Howard University, including personal services, miscellaneous expenses, and repairs to buildings and grounds, **[\$13,344,000]** \$15,300,000.

Amounts available for obligation

	1967	1968
Appropriation.....	\$13,344,000	\$15,300,000
Proposed supplemental.....	190,000	
Advances and reimbursements.....	1,006,263	1,006,263
Reimbursements from non-Federal sources.....	12,061,061	12,171,061
Total obligations.....	26,601,324	28,477,324

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
General administration.....	167	\$2,170,766	167	\$2,206,962		\$36,196
Resident instruction and departmental research.....	1,107	13,487,412	1,197	15,188,520	90	1,701,108
Organized research.....		3,500,000		3,500,000		
University libraries.....	60	1,023,430	60	1,026,777		3,347
Operation and maintenance of physical plant.....	278	2,653,807	281	2,789,156	3	135,349
Auxiliary enterprises.....	158	2,274,910	158	2,274,910		
Student aid.....		1,490,999		1,490,999		
Total obligationations.....	1,770	26,601,324	1,863	28,477,324	93	1,876,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	1,770	1,863	+93
Full-time equivalent of all other positions.....	714	714	-----
Average number of all employees.....	2,484	2,577	+93
11 Personnel compensation:			
Permanent positions.....	\$14,130,467	\$15,403,330	+\$1,272,863
Positions other than permanent.....	3,126,279	3,126,279	-----
Other personnel compensation.....	90,318	90,318	-----
Total, personnel compensation.....	17,347,064	18,619,927	+1,272,863
12 Personnel benefits.....	1,112,319	1,294,939	+182,620
13 Benefits for former personnel.....	77,943	77,943	-----
21 Travel and transportation of persons.....	307,488	307,488	-----
22 Transportation of things.....	15,001	15,001	-----
23 Rent, communications and utilities.....	588,228	594,354	+6,126
24 Printing and reproduction.....	108,881	108,881	-----
25 Other services.....	1,327,162	1,294,785	-32,377
26 Supplies and materials.....	2,674,333	2,856,161	+181,778
31 Equipment.....	1,468,778	1,733,768	+264,990
41 Grants, subsidies, and contributions.....	1,574,077	1,574,077	-----
Total obligations by object.....	26,601,324	28,477,324	1,876,000

Summary of changes

1967 enacted appropriation.....	\$13,344,000
Proposed supplemental.....	190,000
Estimated advances and reimbursements.....	1,006,263
Estimated reimbursements from non-Federal sources.....	12,061,061
1967 total estimated obligations.....	26,601,324
1968 total estimated obligations.....	28,477,324
Less: Increases in reimbursements—non-Federal.....	110,000
Total.....	28,367,324
Total net change.....	1,766,000

	Base		Changes from base	
	Posi- tions	Amount	Posi- tions	Amount
INCREASES (NEW PROGRAM)				
1. Accommodation of increased enrollment and the maintenance of quality instruction:				
A. Liberal arts:				
New teaching positions	323	\$3,034,325	12	\$135,510
Supporting personnel	84	422,427	11	61,000
Educational supplies, equipment and personnel benefits		648,120		64,807
B. Medicine:				
New teaching positions	140	1,751,836	11	170,500
Supporting personnel	186	1,323,013	11	56,517
Educational supplies, equipment and personnel benefits		461,630		152,000
C. Dentistry:				
New teaching positions	50	621,032	10	120,000
Supporting personnel	40	234,836	8	42,993
Educational supplies, equipment and personnel benefits		199,064		104,500
D. Engineering and architecture:				
New teaching positions	42	489,842	8	94,000
Supporting personnel	13	73,249	7	47,000
Educational supplies, equipment and personnel benefits		137,455		184,000
E. Salary increases for teachers				350,000
F. School of Nursing:				
Administrative staff			3	31,782
Supplies, equipment and personnel benefits				7,500
G. Activities in support of instructional program:				
1. Computer Center:				
New positions	19	145,166	4	44,000
Equipment rental		114,595		63,000
2. Institutional research:				
New positions			5	63,782
Supplies, equipment and personnel benefits				3,500
Total			90	1,796,391
2. For operation of physical facilities and rehabilitation of physical plant:				
A. Strengthening of staff:				
New positions for central receiving	278	1,358,796	2	9,282
New skilled craft position			1	7,154
B. New equipment, trucks (2)				30,000
C. Special projects (8) for rehabilitation of physical plant				279,693
Total			3	326,129
3. Staff benefits:				
A. Retirement allowances and annuities		65,004		50,000
B. Social security expense		335,624		27,000
C. Pay increase for nonteaching personnel		\$225,000		
Less: Proposed supplemental 1967 included in 1967 obligations		-190,000		35,000
Total				112,000
Total program increases				2,234,520
4. Decreases:				
A. Estimate of income from non-Federal sources				-110,000
B. Nonrecurring obligations:				
Improvement of animal quarters		\$151,520		
Special rehabilitation projects		207,000		-358,520
Total decreases				-468,520
Total net changes requested				1,766,000

INTRODUCTION

Howard University, located in the District of Columbia, was chartered by an Act of Congress, dated March 2, 1867. The University consists of ten schools and colleges, offering programs of higher education on the undergraduate, graduate, and professional levels. Undergraduate students are registered in the college of liberal arts; graduate students seeking the master's and doctor of philosophy

degrees are registered in the graduate school; professional students are registered in the colleges of medicine, dentistry, pharmacy, fine arts (including the school of music and the departments of art and drama), and the schools of engineering and architecture, social work, law and religion. (The school of religion receives no support from Federal funds.)

The educational program of the University is conducted in keeping with the democratic purposes of land-grant colleges and state universities, with the low tuition fees and living costs which characterize these institutions, and with an educational program resting upon and permeated by the content and spirit of a general or liberal education. The University admits students of both sexes, from every race, creed, and national origin, but it accepts and undertakes to discharge a special responsibility for the admission and training of Negro students.

Enrollment of Students

During the school year 1965-66, the University served a total of 12,427 students as follows: 8,748 during the regular academic year and 3,679 in the summer session of 1965. The total net enrollment, excluding all duplicates, was 10,455 distributed as follows: liberal arts, 5737; graduate school, 1414; engineering and architecture, 731; fine arts, 640; social work, 222; medicine, 395; dentistry, 670; pharmacy, 236; law, 318; and religion, 92.

Geographical Distribution of Students

The enrollment of foreign students continues to be significant. During the second semester of the 1965-66 school year, there were 1,522 foreign students constituting 14.8 of the enrollment. These 1,522 foreign students came from 77 countries, including Canada, 3 countries in Central America, 6 countries in South America, 9 islands of the West Indies; 25 countries in Africa; 20 countries in Asia and the Pacific Islands; and 13 countries in Europe. In addition, there were students from Puerto Rico and the Virgin Islands.

During the course of the school year, there were 8,903 degree seeking students from the United States. These students were distributed as follows: New England States, 178; Mid-Eastern States, 5,050; Great Lakes States, 495; Plain States, 110; Southeastern States, 2,674; Southwestern States, 214; Rocky Mountain States, 20; Far Western States, 111; Alaska, 2; Hawaii, 2; Puerto Rico, 10; and the Virgin Islands, 37.

The Faculty

There were 974 teachers serving the University during the school year. There were 560 full-time teachers and 414 part-time teachers. The full-time equivalent of the teaching staff was 661. Of this full-time equivalent, 553 were teaching at the rank of instructor or above.

Graduates

During the 1965-66 school year, there were 1,024 graduates from the ten schools and colleges. These graduates came from 35 states, the District of Columbia, Puerto Rico, the Virgin Islands, 31 foreign countries and 9 island possessions of the British, French and Dutch West Indies.

The 1,024 graduates were distributed among the ten schools and colleges as follows: liberal arts, 484; engineering and architecture, 92; fine arts, 44; the graduate school, 118; social work, 77; medicine, 84; dentistry, 40; dental hygiene, 23; pharmacy, 20; law, 32; and religion, 10. In addition, honorary degrees were conferred upon four persons.

From the date of its establishment in 1867, Howard has graduated 25,279 persons. The great majority of these graduates have been Negroes. Throughout its ninety-nine year history, Howard has been a pioneer in providing Negroes with educational opportunities which were either not available or offered in only limited amount elsewhere. Among institutions in which Negro students are in a majority, the University still stands as the only one affording a complex system of undergraduate, graduate, and professional training.

The largest number of graduates have entered the field of teaching, especially in the southern states. In the field of medicine, there have been 3,641 graduates, 2,141 have gone into dentistry and dental hygiene; 1,846 have entered the field of law; 457 have entered the ministry; 1,363 have gone into the fields of engineering and architecture; and 842 have gone into social work. Numerous graduates of the University have engaged in government service not only in the United States but also in many countries abroad.

Significant Program Developments

The following significant developments took place during the year 1965-66:

1. The President of the University, Dr. James M. Nabrit, Jr., was given leave to serve as U.S. Deputy Representative to the United Nations. He returned to the University in January of the current calendar year. The Academic Vice President, Dr. Stanton L. Wormley, serving as Acting President during the absence of President Nabrit.

2. Preparations for the celebration of the one hundredth anniversary commemorating the founding of Howard University in 1867 reached a climax. The year long centennial celebration will include several major programs and will be important in highlighting significant developments of the past, and charting the future course of the University.

3. The University continued its cooperation with the Government in significant programs developed to assist the underprivileged citizens of the United States to fully develop their potentials.

4. The Self-Study Project, which began in 1962 was brought to a conclusion. Many of its findings and recommendations have already been put into effect. Other observations and recommendations are being studied.

5. The School of Engineering and Architecture was authorized by the Graduate Council to begin graduate work.

6. A graduate program leading to the master of jurisprudence was approved for the School of Law, and the first graduate degree was conferred in June of 1966.

OBJECTIVES OF THE 1968 BUDGET ESTIMATES

The appropriation of \$13,344,000 for salaries and expenses during the fiscal year 1967 will make it possible to provide instruction for an anticipated increase in the enrollment expected in the liberal arts complex and graduate school through funds for the addition of teachers, supporting personnel, personnel benefits, supplies and equipment; to increase the salaries for members of the instructional staff and members of the non-teaching staff; to provide improvements for the instructional program in the College of Medicine and the School of Law; to cover the cost of four major rehabilitation and renovation projects; to improve the book collections and services in two of the major libraries; to help with financing the Centennial Celebration program; and to improve the retirement program. A proposed supplemental of \$190,000 has also been submitted covering pay increases for non-teaching employees in fiscal year 1967.

The proposed objectives in the fiscal year 1968 Budget Estimates are similar to those projected for fiscal year 1967. The University continues its effort to maintain an acceptable student teacher ratio in each of the schools and colleges; to improve salaries of teachers and non-teachers; and to operate and maintain the physical plant at a high state of efficiency so as to encourage good teaching and research. Special attention is focused in this presentation on programs in Medicine, dentistry, engineering and architecture as a means of eliminating criticisms registered by accrediting agencies.

1968 APPROPRIATIONS REQUEST

Request is respectfully made for an appropriation of \$15,300,000 under the title of Salaries and Expenses, as partial support for Howard University, in fiscal year 1968. This request represents an increase of \$1,766,000 above the 1967 appropriation of \$13,344,000 and proposed supplemental request of \$190,000.

1. General administration

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation.....	167	\$1,482,431	167	\$1,489,338	-----	\$6,907
Other expenses.....	-----	688,335	-----	717,624	-----	29,289
Total.....	167	2,170,766	167	2,206,962	-----	36,196

EXPLANATION OF ACTIVITY

General Administration includes obligations related to executive and administrative offices which serve the University as a whole. It is in this area that educational and management policies are evaluated, promoted and initiated, activities and programs related to these policies are correlated and supervised, and leadership is exercised in the promotion of efficient performance and execution of the educational program.

The activity includes three major sub-activities, namely general administrative offices, student services, and general institutional expense.

SUMMARY OF INCREASES

The following is a summary of increase in obligations for General Administration:

1. Improvement in retirement program for university employees—	
a. Supplements to retirement allowances for employees who are scheduled to retire-----	\$25,000
b. Increase of university contributions towards purchases of retirement deferred annuities—share of cost allocated to general administration-----	1,400
c. Social security expense-----	2,889
2. Pay cost for nonteaching employees-----	6,907
Total increase, general administration-----	36,196

JUSTIFICATION FOR INCREASES

1a. *Supplements to retirement allowances for employees who are scheduled to retire, \$25,000.*—This item is included in the University request for 1968 in order to continue program designed to secure a partial solution for an acute problem that has developed with respect to members of the teaching and non-teaching staffs who are scheduled for mandatory retirement at age 68. A survey made in 1964 of the benefits that will be available from Teachers Insurance and Annuity Association and Social Security to approximately 100 members of the teaching, administrative and non-teaching staff scheduled to retire during a 10 year period indicated that the range of benefits was from 12.9% to 54.7% of current salary. The average of these benefits, as related to current salary, was 37%.

This situation has developed due to the slow rate of increase in salaries over the past 35 years; the late start made by the University in establishing a funded deferred annuity program (program began in 1934, or 33 years ago, while authorities recommend that an employee should be covered for at least 35 years); and the inadequacy of the 10% of salary that is contributed jointly by the University and by the employee for the purchase of deferred annuities, which are available to the retiree at age 68.

The proposed program which was first supported in the 1966 appropriation makes it possible for employees, who have served the University for 18 years to be assured of a minimum retirement allowance equal to 2¼% of average salary for the highest of any three years of service multiplied by the number of years of service at the University. The assured minimum retirement allowance is inclusive of Teachers Insurance and Annuity Association and Social Security benefits. The difference between combined benefits from TIAA-Social Security sources and the assured allowance is made up by a University supplement. The retirement allowance, from these three sources, may not exceed 55% of the 3 year average salary. The \$25,000 here requested will provide supplements for employees scheduled to retire in fiscal year 1968.

The implementation of this provision continues to make it possible for the University to retire employees at the mandatory retirement age, without obligation to re-employ those retirees who are unable to continue effective service. Likewise, the employee can look forward to retirement without fear of economic dependency.

1b. *Increase in contributions toward retirement annuities, \$1,400.*—The University proposed in 1966 to attack the retirement allowance problem on two fronts, namely, to improve retirement allowances for those employees scheduled to retire in the next ten or fifteen years, through a supplement to the retirement allowance, available from TIAA and Social Security, by the University, and to increase the University's share of contribution toward the purchase of retire-

ment deferred annuities from 5% to 10% for all salaries in excess of \$4,800 (the maximum for contributions to the Social Security System). At the present time the employee contributes 5% to TIAA and 4.4% to Social Security on salaries over \$6,600. The University matches the Social Security contribution and pays TIAA 5% on salaries up to \$4,800, and 7% on amounts in excess. These contributions handicap our employees, in the middle and upper salary brackets, upon retirement.

The total sum of \$25,000 here requested will permit the University to continue the second step towards correcting this inequity by moving its contribution to TIAA annuities from 7% to 8% on salaries in excess of \$6,600. To complete the program of increased University contributions from 5% to 10% will cost the University approximately \$125,000. This phase of the program to improve retirement allowances, is intended to reduce, if not eliminate in future years, the necessity for retirement allowance supplements for younger members of the staff.

While only \$1,400 represents an increase under General Administration, this justification covers increased obligations under other activities. The request for \$25,000 will be distributed as follows:

General administration-----	\$1, 400
Resident instruction and departmental research-----	19, 232
Library -----	773
Operation and maintenance of physical plant-----	3, 595
Total -----	25, 000

1c. *Social Security Expense, \$2,889.*—Amendments to the Social Security Act under Title III "Old Age, Survivors, and Disability Insurance" Public Law 89-97, approved July 30, 1965, provide that rate of tax during the calendar year 1967 and 1968 be increased from 4.20% to 4.40%. It is estimated that the sum of \$27,000 will be required to cover this expense for employees in the following activities:

Administration -----	\$2, 889
Instruction -----	19, 278
Libraries -----	972
Physical plant -----	3, 861
Total -----	27, 000

This justification is applicable to each of the four activities affected.

2. *Pay Increase for Non-Teaching Employees, \$6,907.*—The net total sum of \$35,000 in appropriated funds is requested to provide salary increases for non-teaching employees of the University for the fiscal year 1968, similar to the increases provided for employees of the Federal Government under Public Law 89-504 approved July 18, 1966. While only \$6,907 is shown under this activity, justification for the full request is developed and referred to under applicable activities.

The estimate for the appropriation request does not cover employees of the School of Religion or School of Religion Library; the employees of auxiliary enterprise activities (dormitories, dining halls, bookstores and athletics); the employees who serve on sponsored research and training projects supported from outside sources. These divisions will participate as funds become available.

Although Howard University is not automatically covered under the provisions of PL 89-504, there is ample precedent for this request. The Congress has appropriated funds for Howard University on sixteen (16) different occasions since 1940, in amounts ranging from \$76,000 to \$400,000 to provide pay increases for Howard University employees as a means of maintaining University salaries in line with those received by Government employees.

The following activities are to benefit from this item:

Administration -----	\$6, 907
Instruction -----	17, 727
Library -----	1, 602
Physical plant-----	8, 764
Total -----	35, 000

	Gross estimate	Financing		
		Appropriated funds	Freedmen's Hospital	Non-Federal funds
Pay cost in fiscal year 1968:				
Salaries under various activities.....	\$183,124	\$183,124		
Auxiliary enterprises and the school of religion.....	34,464			\$34,464
Freedmen's Hospital.....	28,169		\$28,169	
Personnel benefits.....	41,876	41,876		
Total for 1968.....	287,633	225,000	28,169	34,464
Less: Pay cost in 1967:				
Salaries under various activities.....	148,124	148,124		
Auxiliary enterprises and school of religion.....	34,464			34,464
Freedmen's Hospital.....	28,169		28,169	
Personnel benefits.....	41,876	41,876		
Totals for 1967.....	252,633	190,000	28,169	34,464
Net increase—Pay cost in 1968.....	35,000	35,000		

2. Resident instruction and department research

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation.....	1,107	\$10,817,315	1,197	\$12,049,034	90	\$1,231,719
Other expenses.....		2,670,097		3,139,486		469,389
Total.....	1,107	13,487,412	1,197	15,188,520	90	1,701,108

EXPLANATION OF ACTIVITY

This activity includes all direct obligations related to the operation and administration of educational programs in the ten schools and colleges, the summer sessions, the professional medical services (except nursing) required by Freedmen's Hospital, the research conducted within the several departments, University-wide counseling services, the data processing and computer centers, and the operation of educational and clinical activities in dentistry, child care, and junior music.

Obligations for this activity include (1) salaries for the Academic Vice President, the deans and directors in the several schools and colleges, the teaching staff, and the supporting nonteaching staff, (2) laboratory classroom office supplies, and other related expenses, and (3) equipment.

All ten schools and colleges of the University are fully accredited by the regional or national accrediting agencies which exercise this function.

SUMMARY OF INCREASES

The following is a summary of increases reflected in the Resident Instruction and Departmental Research activity:

A. Accommodation of increased enrollment in the liberal arts:	
1. New teaching positions for the liberal arts (12).....	\$135,510
2. Supporting personnel (laboratory assistants, technicians, clerks, etc.) (11).....	61,000
3. Educational supplies, expenses, personnel benefits and equipment.....	64,807
Total.....	<u>261,317</u>

B. Improvement of instruction in the College of Medicine:	
1. New teaching positions (11)-----	\$170,500
2. Supporting personnel (laboratory assistants, technicians, clerks, etc.) (11)-----	56,517
3. Educational supplies, expenses, personnel benefits and equipment-----	152,000
Total-----	<u>379,017</u>
C. Improvement of instruction in the College of Dentistry:	
1. New teaching positions (10)-----	120,000
2. Supporting personnel, clerical positions, technicians (8)---	43,204
3. Educational supplies, equipment, and personnel benefits----	104,289
Total-----	<u>267,493</u>
D. Improvement of instruction in the School of Engineering and Architecture:	
1. New teaching positions (8)-----	94,000
2. Supporting personnel, clerical positions, technicians, etc. (7)	43,989
3. Educational supplies, equipment and personnel benefits----	187,011
Total-----	<u>325,000</u>
E. Salary increases for members of the teaching staff-----	<u>350,000</u>
F. Preliminary planning for the establishment of a School of Nursing:	
1. Administrative head of school (1)-----	20,000
2. Secretarial staff (2)-----	11,782
3. Office supplies and equipment-----	7,500
Total-----	<u>39,282</u>
G. Activities in support of the educational program:	
1. Data processing and computer center:	
Additions to staff (4)-----	43,708
Rental of equipment-----	63,292
Total-----	<u>107,000</u>
2. Institutional research:	
Director (1)-----	20,000
Supporting staff (4)-----	43,782
Office supplies and equipment-----	3,500
Total-----	<u>67,282</u>
	<u>1,796,391</u>
H. Staff benefits:	
1. Increase in contributions toward purchase of retirement deferred annuities-----	19,232
2. Social security expense (additional)-----	19,278
3. Pay cost for nonteaching employees-----	17,727
Total-----	<u>56,237</u>
Gross increase for activity-----	1,852,628
Less: Nonrecurring item for medicine-----	-151,520
Net Increase ¹ -----	<u>1,701,108</u>

¹ The net increase of \$1,701,108 is offset by \$110,000 in reimbursements from non-Federal sources. The net request for this activity is \$1,591,108.

JUSTIFICATION FOR INCREASES

A. For increased enrollment and the maintenance of quality instruction in the Liberal Arts Complex, \$261,317.

1. *New teaching positions (12) for accommodation of increased enrollment, \$135,510.*—The University has established an over-all criterion in the liberal arts complex of one teacher for each 13.1 students, as a basis for determining the number of teachers needed for effective instruction on the undergraduate and graduate levels. This student-teacher ratio provides one teacher for each 15 students in the freshman and sophomore years. Students in the junior and senior levels are taught on the basis of one teacher for each 12 students. One teacher is provided for 8 graduate students. The University believes that it is highly important to maintain these criteria as a basis for effective graduate and research work. The graduate school offers work for the master's degree in 23 departments, and doctoral degree in 8 departments. Allied with the planned expansion on the graduate level is the increase in graduate student enrollment. It is expected that the addition of 12 new teaching positions to the instructional staff will make it possible to maintain a 1.143 student-teacher ratio.

The twelve teachings positions, if approved, will be distributed as follows among four ranks, with average salaries comparable with the 17 institution objective set in the 1967 estimates:

Rank	Number	Salary rate	Amount
Professor.....	3	\$15,000	\$45,000
Associate professor.....	3	12,000	36,000
Assistant professor.....	3	10,000	30,000
Instructor.....	3	8,170	24,510
Total.....	12		135,510

The following is a summary of enrollment, teachers needed under the 1-13.1 student-teacher ratio, teachers available and estimate of teacher shortage:

1st semester	F. T. students enrolled in liberal arts complex	Teachers needed for enrollment on 1-to-13.1 ratio	Teachers available	Estimated teacher shortage
1962-63.....	4,390	335.1	286.8	48.3
1963-64.....	4,711	359.6	315.8	43.8
1964-65.....	5,336	407.2	361.8	45.4
1965-66.....	5,878	448.0	413.8	34.2
1966-67.....	6,191	472.6	439.8	32.8
1967-68.....	6,485	495.0	451.8	43.2

2. *Supporting personnel for the accommodation of increased enrollment (11) \$61,000.*—The 11 positions for personnel here requested are to support the teaching positions set forth in (1) above, and to provide relief for present teachers who are already burdened with duties which might well and profitably be delegated to supporting personnel.

3. *Educational supplies, expenses and equipment in support of 23 new positions, \$64,807.*—This sum covers expenses for personnel benefits, supplies and equipment.

The University's request for 12 teachers, 11 laboratory technicians and assistants, and additional supplies and equipment for instruction is in separate categories because necessity of presentation requires it. They are three segments of single units of instruction, composed of one teacher, approximately one-half of an assistant—teaching or non-teaching—supplies, equipment, and personnel benefits.

B. Improvement of Instruction in the College of Medicine, \$379,017

The College of Medicine has indicated that its primary concern, for the present and for the next five or more years, will be for a program that moves towards excellence, with the following acquisition of component parts: namely, the acquisition of a new hospital facility; qualitative improvement of the faculty; qualitative improvement of the student body; improvements in testing and

grading; the promotion of research of high quality; and the rendering of superior service in patient care. The U.S. Office of Education in its comprehensive survey of the College of Medicine in 1964 supported the program as outlined above by making several observations that highlight specific areas that need attention. Particular emphasis was placed upon, (1) the need for an administrative staff for the medical or health center, which is to plan, coordinate, and efficiently operate the whole health science complex, including the proposed new hospital; (2) the need for an increase in the number of full-time faculty in the pre-clinical and clinical areas; (3) improvements in the salary scale; (4) need to improve on the quality of students admitted for the study of medicine; (5) improvements in the medical library to increase its below norm status among the medical schools of the country; (6) need for equipment and supplies; (7) need for the new teaching hospital, which has already been authorized, and (8) housing facilities for students. The Survey Report points out that an examination of eight separate categories of data shows that the College of Medicine ranks in the fourth quartile of medical colleges in the U.S. for six of the items. In two categories the college ranks in the third quartile.

Since the Report of the Survey of Howard University was issued, and in response to representations made to the Government, the College of Medicine received \$90,818 in the 1966 appropriation for the addition of teachers, supporting personnel, supplies and equipment. The 1967 Budget Estimates will provide a minimum of \$750,000 for further improvements in teaching staff, supporting personnel, salary rates, library, supplies and equipment.

In focusing upon items (2) and (6) above, the University is requesting that an appropriation of \$170,500 be approved for 11 additional teachers in the following ranks:

Professors (3 at \$21,000)-----	\$63, 000
Associate professors (3 at \$16,000)-----	48, 000
Assistant professors 3 at \$13,500)-----	40, 500
Instructors (2 at \$9,500)-----	19, 000
Total -----	170, 500

The additional sum of \$56,517 is also being requested for 17 non-teaching positions in the following grades:

GS-4 (2 at \$4,776)-----	\$21, 219
GS-5 (2 at \$5,331)-----	10, 662
GS-6 (2 at \$5,867)-----	11, 734
GS-7 (4.5 at \$6,451)-----	12, 902
Total -----	56, 517

The positions will be filled by clerks, stenographer-typists, laboratory technicians and secretaries in pre-clinical, clinical and administrative and service areas.

The request for \$152,000 in object classifications other than salaries is distributed as follows:

Objects:	Amount
Personnel benefits for new positions-----	\$22, 702
Supplies and materials and other expenses-----	79, 298
Equipment-----	50, 000
Total -----	152, 000

C. Improvement of Instruction in the College of Dentistry, \$267,493

This request is intended to provide ten (10) additional teachers estimated to cost \$120,000; eight (8) supporting personnel, estimated to cost \$43,204; and educational supplies, personnel benefits and equipment, estimated to cost \$104,289. The teachers here requested are distributed as follows:

Professors (2 at \$17,500)-----	\$35, 000
Associate professors (3 at \$13,000)-----	39, 000
Assistant professors (3 at \$10,000)-----	30, 000
Instructors (2 at \$8,000)-----	16, 000
Total -----	120, 000

The supporting personnel is distributed as follows :

GS-7 (2 at \$6,451)-----	\$12, 902
GS-6 (1 at \$5,867)-----	5, 867
GS-5 (1 at \$5,331)-----	5, 331
GS-4 (4 at \$4,776)-----	19, 104
Total -----	43, 204

The educational, supplies, equipment and other expenses are distributed as follows :

Object classification :	<i>Amount</i>
Personnel benefits for new positions-----	\$16, 310
Supplies, materials and other expense-----	37, 979
Equipment-----	50, 000
Total -----	104, 289

With respect to the ten new teaching positions requested, the College of Dentistry is reorganizing its departments in relation to the advances in dental education which have occurred over the past two decades. This reorganization will entail the creation of at least one new department and additional services for other departments. Combinations of other services currently in operation will be made. In addition to reorganization of the departments of the College of Dentistry, there is an urgent need for implementation of the postgraduate and graduate programs in the College of Dentistry if the College is to maintain its accreditation in the American Association of Dental Schools.

There are only four schools in the country (including Howard) without a graduate program. The Council on Dental Education of the American Dental Association criticized the University severely at its last evaluation inspection for failure to develop a graduate program in dentistry. Furthermore, the Centennial Commission on Dentistry urges that a graduate program be started at once. The challenge and the dangers in delay are clear. Therefore, we must secure adequate personnel to engage in postgraduate and graduate education without harm to the undergraduate program. It is hoped that at least three board-oriented postgraduate programs of two academic years duration will become a reality by September, 1967. It is further planned that the three graduate programs in the same areas will begin within two years after inauguration of the postgraduate programs.

The eight supporting positions for laboratory and technical assistance are here proposed in order to free the teaching staff for the more effective performance of their professional duties and responsibilities. Similarly the \$37,979 requested for educational supplies is intended to make available those items that are essential to the instructional program in dentistry. The request for equipment is intended for the replacement of equipment that is functionally obsolete, and the purchase of new scientific equipment which may be used in developing the graduate program.

D. Improvement in the Instructional Program of the School of Engineering and Architecture, \$325,000

The following is a summary of items included :

New teaching positions :

Professor (2 at \$17,000)-----	\$34, 000
Associate professors (2 at \$12,000)-----	24, 000
Assistant professors (2 at \$10,000)-----	20, 000
Instructors (2 at \$8,000)-----	16, 000
Total -----	94, 000

New supporting personnel positions :

GS-7 (5 at \$6,451)-----	\$32, 255
GS-6 (2 at \$5,867)-----	11, 734
Total -----	43, 989

Supplies, equipment and personnel benefits :

Supplies and materials-----	\$53,011
Personnel benefits-----	13,800
Equipment -----	120,200
Total -----	187,011
Total, engineering and architecture-----	325,000

The new teaching positions are requested as a means of strengthening the existing undergraduate programs in civil, mechanical, and electrical engineering and architecture, and to implement graduate work in each of the four divisions. The School of Engineering and Architecture has been urged by its accrediting agency to give specific attention to graduate programs which will allow graduates of the University and of other institutions opportunities to pursue work in these four fields. The improvements required for graduate work involve competitive salaries for members of the instructional staff, the recruitment of better trained teachers, the encouragement of research, the modernization of laboratories with equipment and supplies in current use, and the recruitment of potentially able students. The items here requested will go a long way towards implementing the current improvement program.

E. *Pay increase for Teaching Staff, \$350,000*

A review of teaching salaries for the 1967 Budget Estimates revealed that \$710,022 would be required to bring 1965-66 salaries up to the objective sought in using the Seventeen Institution criterion. This criterion proposes that the average salary for each rank should be at the midpoint between the median and third quartile. A request for \$350,000 was approved and included in the 1967 Budget Estimates as a means of partially overcoming this deficiency. The 1968 Estimates include an additional \$350,000 to achieve the 1965-66 objective.

This request is designed to continue the policy started in 1962 under the Federal Reform Act of 1962 (Public Law 87-793), whereby salaries of the teaching staff at Howard University are periodically reviewed for the purpose of equating them with criteria developed or available.

While the University proposes to increase the salary of each member of the teaching staff on a percentage basis according to teaching rank, the merit salary increase principle will be retained as a means of recognizing superior teaching and research service.

The \$350,000 distributed among the several ranks will provide an average increase of approximately 4.4%.

F. *Preparation for the Establishment of a School of Nursing, \$39,282*

The following is a summary of items included in this request.

Personnel services :

Administrative head (1 at \$20,000)-----	\$20,000
Secretary (1 at \$6,451)-----	6,451
Stenographer-clerk (1 at \$5,331)-----	5,331
Total -----	31,782

Other expenses :

Office supplies-----	2,000
Personnel benefits-----	3,178
Equipment -----	2,322
Total -----	7,500

Total, personnel and other expenses----- 39,282

The establishment of a degree program for a school of nursing requires that a dean or administrative head and secretarial staff be authorized at the earliest possible moment, in order that plans may be made (a) for the construction of a program, (b) for the coordination and orderly transition from the existing nurse training program at Freedman's Hospital to proposed degree granting curriculum, (c) for the recruitment of teaching staff, and (d) for the recruitment and selection of students.

G. *Activities in support of the Instructional Program—\$174,282*

This request is divided into two parts, namely, support for the Computer Center in the total amount of \$107,000, and support for a program of institu-

tional research in the total amount of \$67,282. With respect to the Computer Center, there is need for four (4) additional programmers and systems analysts, and support for the rental of equipment. The 1967 estimates provided \$74,111 as partial support for this program which touches many facets of University activity. The potential for research and instruction in this area is increasing each year. The following is a summary of the Computer Center request:

Personnel services:

Programmers (2 at \$10,927)-----	\$21, 854
Systems Analysts (2 at \$10,927)-----	21, 854

Total -----	43, 708
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Other expenses:

Rental of equipment-----	63, 292
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Total -----	107, 000
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The request for \$67,282 to support a program of Institutional Research is intended to provide continuing studies of programs, data, and long range plans on a University-wide basis. The Self Study which was undertaken by detaching one of the instructional deans has brought to light numerous problems that can only be solved intelligently through continuing studies. This unit will delve into such matters as follows:

1. Student Records—applicants, students and alumni
2. Financial Administration—personnel, materials, facilities and funds
3. Planning and Development—study of institutional problems, plans for future, and ways and means of achieving goals
4. Student Personnel Administration—admissions, testing, characteristics of student body, etc.
5. Administrative Policies and Procedures
6. Research activities
7. Faculty characteristics

The following is a summary of items included in request for the establishment of a unit which will be responsible for developing information and data which is urgently needed in the making of decisions affecting the operation of the University and its educational program.

Personnel services:

Director (1 at \$20,000)-----	\$20, 000
Associate director (1 at \$17,000)-----	17, 000
Assistant to the director (1 at \$15,000)-----	15, 000
Secretary (GS-7) (1 at \$6,451)-----	6, 451
Stenographer-clerk (1 at \$5,331)-----	5, 331

Total -----	63, 782
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The estimate of \$2,000 has been developed to cover need for setting up a suite of offices for the Director and his staff with furniture, and office equipment such as typewriters and calculators. The sum of \$1,500 is allowed for initial stock of office supplies, printing, travel, communication expense, etc.

H. Staff Benefits \$56,237

1. Pay cost for non-teaching employees \$17,727 (See General Administration activity for explanation)

2. Social Security expense—\$19,278 (See General Administration activity for explanation)

3. Increase in contribution towards the purchase of retirement deferred annuities, \$19,232—

(See General Administration for full justification of total request.)

3. Organized research

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation-----	-----	\$2, 289, 483	-----	\$2, 289, 483	-----	-----
Other expenses-----	-----	1, 210, 517	-----	1, 210, 517	-----	-----
Total-----	-----	3, 500, 000	-----	3, 500, 000	-----	0

EXPLANATION OF ACTIVITY

The obligations included under this heading are supported from contributions and grants from individuals and organizations outside of the University, for research, training, and related activities in the Graduate School, the College of Liberal Arts, the School of Social Work, the College of Medicine, the College of Dentistry, the College of Pharmacy, and the School of Engineering. Each grant received by the University has a separate budget that is recommended by the Dean and approved by the President and Board of Trustees, to cover obligations for personnel, supplies, expense and equipment.

Obligations are offset in full by gifts and grants received from Governmental agencies, business organizations, individuals, and foundations.

SUMMARY OF INCREASES

None.

4. University libraries

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation.....	60	\$424,951	60	\$426,553	-----	\$1,602
Other expenses.....		598,479		600,224	-----	1,745
Total.....	60	1,023,430	60	1,026,777	-----	3,347

EXPLANATION OF ACTIVITY

The General Library serves the needs of all ten schools and colleges of the University. It is now the central library for a University-wide system, with a Director who supervises the professional libraries located in medicine, law, religion, engineering, pharmacy, music, chemistry and social work. Obligations for these libraries include salaries of the supervisor, professional, and clerical staffs, additions to the library book and periodical collections, binding costs, and operating supplies and expenses. The estimate includes obligations for all the libraries of the University.

The several University libraries report a book collection of 495,555 volumes at the close of fiscal year 1966, an increase of 29,427 volumes over 1965. Periodical subscriptions number 4,217 in 1966, an increase of 884 over the previous year.

SUMMARY OF INCREASES

The following is a summary of obligation increases allocated to University libraries:

A. Increase in University contributions towards the purchase of retirement deferred annuities for employees under this activity--	\$773
B. Cost of pay increase for non-teaching employees.....	1,602
C. Social Security expenses.....	972

Total ----- 3,347

JUSTIFICATION FOR INCREASES

A. Increase in University contributions towards the purchase of retirement annuities, \$773. (See General Administration for full justification of total request).

B. Pay cost for non-teaching employees, \$1,602. (See General Administration for full justification of total request).

C. Social Security expense, \$972. (See General Administration for full justification of total request).

5. Operation and maintenance of physical plant

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation.....	278	\$1,502,348	281	\$1,534,983	3	\$32,635
Other expenses.....		1,151,459		1,254,173		102,714
Total.....	278	2,653,807	281	2,789,156	3	135,349

EXPLANATION OF ACTIVITY

The activity identified as Operation and Maintenance of the Physical Plant is responsible for the plant through the following major divisions, namely, (1) the Building Service Division, which includes the janitorial and grounds crew; (2) the operation and maintenance division, which includes mechanical service, repairs to buildings, power plant operation, and furniture repair; (3) the Special Services Division, which includes telephones, guard, trucking, stores, and clerical services, and (4) miscellaneous activities such as property insurance, special projects, and maintenance of rental property.

This activity supplies heat to the Freedmen's Hospital. It also furnishes operation and maintenance services to endowment properties, extension properties and auxiliary enterprise units on a reimbursable basis. These reimbursements are audited regularly and reported as a reduction of expenses.

SUMMARY OF INCREASES

The following is a summary of obligation increases allocated to the operation and maintenance of physical plant.

Program increases supported by request for increase in appropriation—

1. Special rehabilitation and renovation projects designed to permit more effective use of facilities.....	\$72,693
2. Increase in university contributions towards purchase of retirement deferred annuities.....	3,595
3. Strengthening of staff, 3 new positions.....	16,436
4. New equipment.....	30,000
5. Pay cost for nonteaching employees salary increases.....	8,764
6. Social security expense.....	3,861
Total.....	135,349

JUSTIFICATION OF INCREASES

1. *Special Physical Plant Rehabilitation and Renovation Projects, \$72,693 (\$279,693 less nonrecurring 1967 obligations \$207,000).*—This list of 8 renovation and rehabilitation projects is here proposed in order that physical plant facilities may be kept in good order. They represent projects which are of such size and scope that the existing staff cannot undertake them, simply because the services available are barely adequate to keep up with the day to day operational and maintenance service required.

A. Projects directly related to the instructional program:

- (1) Founders library: Establishment of the 1st bookstack level (located on ground floor) to accommodate increased book acquisitions..... \$54,000
- (2) Dental building: Renovations in the clinical area of this building will permit the creation of additional teaching stations at each chair, the installation of a new suction line from chairs to basement pumps, and the elevation of flooring to accommodate modern dental plumbing..... 50,000

(3) Cramton Auditorium: Movable stage. Frequent musical and dramatic productions in the auditorium require that the front part of the stage be removed to expose the orchestra pit. After such event, it is necessary for the carpenters to rebuild the stage. In addition to the expense of approximately 56 skilled man-hours on each occasion, the woodwork is deteriorating rapidly with each disassembly and renailling, and the educational use of the facility is greatly inconvenienced by the need to have such extensive carpentry renovation of the stage frequently. The installation of a hydraulic operated stage is here proposed-----	\$41,000
(4) Roof and gutter repairs for Douglass Hall-----	14,000
Total -----	159,000

B. Residence hall improvement: The following projects are included in this group:

(5) Replacement of Carver Hall boilers with capacity to handle Slove Hall (gas fired)-----	40,000
(6) Extension of heating distribution lines to Slove Hall from Carver Hall-----	10,000
(7) Replacement of laundry lines in Carver Hall-----	57,693
Total -----	107,693

C. Steam and electrical distribution system: (8) Steam tunnel: Waterproofing manholes and tunnel. Constant seeping of ground water into the steam tunnel at several points, Drew Hall, Fairmont and 6th, Girard and 6th, and at the lower end of the steam tunnel, is eroding the steamlines-----	13,000
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Total, proposed special projects----- 279,693

Deduct nonrecurring appropriation for special building projects in fiscal year 1967----- -207,000

Net request----- 72,693

2. *Staff Benefits, \$3,595.*—Increase in contributions toward the purchase retirement deferred annuities.

3. *Strengthening of Staff, \$16,436.*—Two new positions for Central Receiving, a truck driver and a receiving clerk, at annual salaries of \$4,641.00 (GS-4), total cost \$9,282.00. One new position of Engineer, skilled in service on air conditioners, \$7,154.

Addition of two new positions became required in 1965-66 when General Services Administration began to employ the bulk packing of shipments to the University. This large increase in work load, together with static staffing over a number of years, demanded the additional personnel to perform sorting, classifying and increased deliveries.

4. *New Equipment (Front Loader) \$16,000.*—Acquisition of the equipment would permit the University to expedite snow removal early during the periods when other District of Columbia agencies are competing for rental equipment. In addition, the same equipment will eliminate the year round necessity to rent machinery for grading jobs on the roads and grounds. The front loader would also be employed, in the place of hand shoveling, to load soil onto trucks, debris from renovation jobs and for removing stumps.

Truck, Packer for Hauling Trash, \$14,000.—A new trash truck which compresses the collection is requested to improve the removal capacity for the increased campus population.

Thirteen janitors are now utilized daily to burn trash in incinerators. With acquisition of the packer trash truck, we anticipate reassignment of the bulk of this janitorial personnel, so that building cleaning can be improved and the frequency of trash collections can be increased.

6. Auxiliary enterprises

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits	158	\$889,388	158	\$889,388	-----	-----
Other expenses		1,385,522		1,385,522	-----	-----
Total	158	2,274,910	158	2,274,910	-----	-----

EXPLANATION OF ACTIVITY

The Auxiliary Enterprises activities include an estimate of obligations for operation of student residence halls, food services, bookstores, and athletics. The student residence halls consist of nine major dormitories—6 for women and 3 for men—with maximum sleeping accommodations for 1,900 students. The University operates three cafeterias—two on the main campus, and the other off-campus in the Slowe Hall Residence Building. These three food services provided more than a million meals during 1965-66 to dormitory residents, to local students, and to faculty and staff. There are also two bookstores—one to serve medical and dental students with books, supplies, equipment and miscellaneous services, and the second provides books and supplies for students in the other eight schools and colleges. In addition to the bookstore operations, the University maintains control over vending machines, located in the campus buildings. The athletic activities are related to the intercollegiate and intramural program of both men and women. This program is supported by an allocation of student fees and admission charges to games.

While these several activities are designated as auxiliary, they serve the entire educational program of the University, and contribute substantially towards its efficient operation. The University intends that these activities be as financially self supporting as possible and that they render service to the student and University community at prices as close to cost.

SUMMARY OF INCREASES

None.

EXPLANATION OF INCREASES

None.

7. Student aid

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits					-----	-----
Other expenses		\$1,490,999		\$1,490,999	-----	-----
Total		1,490,999		1,490,999	-----	-----

EXPLANATION OF ACTIVITY

The obligations appearing under this activity are related to the student aid program of this University. Included under this program are scholarship, fellowship, grant-in-aid, traineeship and prize awards made to students in the several schools and colleges. Support for this activity is derived from income from the endowment fund, gifts, and grants from individual or organizational contributors, and an allocation from student fees.

SUMMARY OF INCREASES

None.

TABLE I.—*Full-time equivalent enrollment by schools and colleges for fall and spring semesters¹ for years 1966 through 1968*

	1966 actual	1967 estimate	1968 estimate
GRADUATE AND UNDERGRADUATE			
1. Graduate school.....	729	826	844
2. Liberal arts.....	4,324	4,408	4,628
Total.....	5,053	5,234	5,472
PROFESSIONAL SCHOOLS			
3. Engineering and architecture.....	701	701	701
4. Fine arts.....	388	388	388
5. Social work.....	280	310	310
6. Medicine.....	395	395	395
7. Dentistry.....	304	316	316
8. Pharmacy.....	218	218	218
9. Law.....	288	376	376
10. Religion.....	45	45	45
Total.....	2,619	2,749	2,749
Total, full-time enrollment for 2 semesters.....	7,672	7,983	8,221

¹ Exclusive of summer sessions and junior department of music.TABLE II.—*Gross enrollment by schools and colleges¹ for fall semester of 1965 compared with 1967 through 1968*

	1st semester gross enrollment		
	1965-66 actual	1966-67 estimate	1967-68 estimate
GRADUATE AND UNDERGRADUATE			
1. Graduate school.....	914	1,032	1,083
2. Liberal arts.....	4,620	4,773	5,011
Total.....	5,534	5,805	6,094
PROFESSIONAL SCHOOLS			
3. Engineering and architecture.....	687	722	722
4. Fine arts.....	372	452	474
5. Social work.....	197	334	334
6. Medicine.....	395	400	400
7. Dentistry.....	311	335	335
8. Pharmacy.....	223	229	240
9. Law.....	315	376	376
10. Religion.....	43	76	76
Total.....	2,543	2,924	2,957
Total gross enrollment.....	8,077	8,729	9,051

¹ Exclusive of special music (102 student registrants).

TABLE III.—*Full-time enrollment by schools and colleges¹ for 1st semester of 1966-68*

	1st semester full-time enrollment		
	1965-66 actual	1966-67 estimate	1967-68 estimate
GRADUATE AND UNDERGRADUATE			
1. Graduate school.....	756	904	949
2. Liberal arts.....	4,609	4,752	4,989
Total.....	5,365	5,656	5,938
PROFESSIONAL SCHOOLS			
3. Engineering and architecture.....	720	766	766
4. Fine arts.....	425	446	468
5. Social work.....	277	354	354
6. Medicine.....	395	392	392
7. Dentistry.....	307	318	318
8. Pharmacy.....	226	221	232
9. Law.....	295	326	326
10. Religion.....	33	57	57
Total.....	2,678	2,880	2,913
Total, full-time enrollment.....	8,043	8,536	8,851

¹ Exclusive of 102 students registered in special programs in music.TABLE IV.—*Obligations of Howard University for 1968 compared with 1965, 1966, and 1967*

	1965 actual	1966 actual	1967 estimate	1968 estimate
1. General administration.....	2,126,688	1,989,269	2,170,766	2,206,962
2. Resident instruction and departmental research.....	9,273,807	10,951,566	13,487,412	15,188,520
3. Organized research.....	2,307,860	3,060,472	3,500,000	3,500,000
4. University libraries.....	707,556	750,100	1,023,430	1,026,777
5. Operation and maintenance of physical plant.....	2,113,695	2,345,225	2,653,807	2,789,156
Total, educational and general.....	16,529,606	19,096,632	22,835,415	24,711,415
6. Auxiliary enterprises.....	2,058,070	2,298,100	2,274,910	2,274,910
7. Student aid.....	1,063,612	1,753,601	1,490,999	1,490,999
Total, obligations.....	19,651,288	23,148,333	26,601,324	28,477,324

TABLE V.—*Analysis of financing in support of budget estimates for fiscal years 1965 through 1968*

	1965 actual	1966 actual	1967 estimate	1968 estimate
From non-Federal sources:				
1. Student fees, tuition.....	2,873,071	3,112,750	3,239,794	3,349,794
Incidental and service.....	604,559	961,112	962,259	962,259
2. Endowment income.....	230,113	226,870	220,676	220,676
3. Gifts and grants.....	2,605,827	3,270,917	4,107,298	4,107,298
4. Sales and services of educational departments and activities.....	148,996	155,460	163,911	163,911
5. Other income.....	33,534	53,183	18,261	18,261
6. University resources.....	54,994	0	0	0
7. Auxiliary enterprises.....	1,946,512	2,122,846	2,286,008	2,286,008
8. Student aid.....	724,324	1,360,512	1,062,854	1,062,854
Total, non-Federal sources.....	9,221,930	11,263,650	12,061,061	12,171,061
From reimbursements:				
Freedmen's Hospital.....	583,358	683,683	1,002,263	1,002,263
Other sources.....	3,000	3,000	4,000	4,000
Total, reimbursements.....	586,358	686,683	1,006,263	1,006,263
From Government appropriation.....	9,843,000	11,198,000	13,534,000	15,300,000
Total, financing.....	19,651,288	23,148,333	26,601,324	28,477,324

TABLE VI.—*Percentage relationship of 1968 obligations by activity compared U.S. Office of Education data*

	Total obligations, 1968 (in thousands)	Percent of educational and general	Percent of total	U.S. Office ¹ of Education data for 1963-64
Educational and general:				
1. General administration.....	\$2,207	8.93	7.75	10.5
2. Resident instruction and departmental research.....	15,189	61.47	53.34	30.2
3. Organized research.....	3,500	14.16	12.29	21.4
4. University libraries.....	1,027	4.16	3.71	2.6
5. Operation and maintenance of physical plant.....	2,789	11.28	9.79	7.6
6. Other educational and general expenditures.....				8.3
Total, educational and general.....	24,711	100.0	86.78	80.6
Auxiliary enterprises.....	2,275		7.98	15.9
Student aid.....	1,491		5.24	3.4
Total.....	28,477		100.0	100.0

¹ U.S. Office of Education, preliminary report on financial statistics of institutions of higher education, fiscal year 1964.

TABLE VII.—*Detail of changes in reimbursements*

	1966 actual	1967 estimate	1968 estimate
I. Reimbursements from other accounts:			
A. Freedmen's Hospital:			
1. Number of positions.....	\$95	\$103	\$103
2. For services of technicians.....	588,929	882,913	882,913
3. For social security expense.....	16,587	25,000	25,000
4. For group life insurance.....	1,292	1,500	1,500
5. For group health insurance.....	2,668	3,000	3,000
6. For unemployment compensation.....	240	500	500
7. For heat, light, and power.....	73,969	89,350	89,350
Total, Freedmen's Hospital.....	683,685	1,002,263	1,002,263
B. U.S. Post Office.....	3,000	4,000	4,000
Total, advances and reimbursements from other accounts.....	686,685	1,006,263	1,006,263
II. Reimbursements from non-Federal sources.....	11,263,650	12,061,061	12,171,061
III. Detail of increases in reimbursements for 1968 over 1967..			
Non-Federal sources student fees.....		110,000	

TABLE VIII.—*Schedule of comprehensive tuition fees¹ effective for fiscal year 1967*

School or college:	Fees for 2 semesters
Graduate school.....	400
Social work.....	400
Liberal arts.....	400
Engineering and architecture.....	400
Pharmacy.....	400
Law.....	380
Religion.....	380
Medicine.....	700
Dentistry.....	550
Dental hygiene.....	400
Fine arts: Music, art and drama.....	450

¹ Comprehensive tuition includes fees previously charged for tuition, athletics, health service, library, laboratory, and graduation.

TABLE IX.—*New positions requested, fiscal year 1968*

	Number of positions	Grade	Annual rate	Salary
Resident instruction and departmental research:				
Professors:				
Liberal arts complex.....	3.0		\$15,090	\$45,000
Medicine.....	3.0		21,000	63,000
Dentistry.....	2.0		17,500	35,000
Engineering and architecture.....	2.0		17,000	34,000
Associate professors:				
Liberal arts complex.....	3.0		12,000	36,000
Medicine.....	3.0		16,000	48,000
Dentistry.....	3.0		13,000	39,000
Engineering and architecture.....	2.0		12,000	24,000
Assistant professors:				
Liberal arts complex.....	3.0		10,000	30,000
Medicine.....	3.0		13,500	40,500
Dentistry.....	3.0		10,000	30,000
Engineering and architecture.....	2.0		10,000	20,000
Instructors:				
Liberal arts complex.....	3.0		8,170	24,510
Medicine.....	2.0		9,500	19,000
Dentistry.....	2.0		8,000	16,000
Engineering and architecture.....	2.0		8,000	16,000
Supporting personnel:				
Computer Programers.....	5.0	GS-12	10,927	21,854
Systems analyst.....	2.0	GS-12	10,927	21,854
Technicians and assistants.....	2.0	GS-7	6,451	12,902
Do.....	7.0	GS-6	5,867	41,069
Laboratory assistants.....	8.0	GS-5	5,331	42,648
Secretaries.....	11.0	GS-7	6,451	70,961
Stenographer-clerks.....	2.0	GS-5	5,331	10,662
Do.....	10.5	GS-4	4,776	50,032
Deans and directors:				
Administrative head, school of nursing.....	1.0		20,000	20,000
Director, institutional research.....	1.0		20,000	20,000
Associate director, institutional research.....	1.0		17,000	17,000
Assistant to director, institutional research.....	1.0		15,000	15,000
Total.....	89.5			863,992
Operation and maintenance of physical plant:				
Air-conditioner engineer.....	1.0	GS-8	7,187	7,187
Storeroom, clerk.....	1.0	GS-5	5,331	5,331
Storeroom utility worker.....	1.0	CPC-4	3,918	3,918
Total.....	3.0			16,436
Total.....	92.5			880,428

PREPARED STATEMENT

Senator HILL. Dr. Nabrit, president of Howard University. Always glad to have you. Doctor, we will be happy to have you proceed in your own way.

Mr. NABRIT. Thank you, Mr. Chairman, we have a historical background statement which we would like to have included in the record.

Senator HILL. We will be glad to have that appear. Would you like it at this point in the record?

Mr. NABRIT. Yes.

Senator HILL. We will be glad to have it appear at this point.

(The statement follows:)

Mr. Chairman and Members of the Committee:

I have the honor to present an historical and background statement about Howard University. The purpose of this statement is to provide information concerning the place of Howard University in higher education, the special relationship of the Federal Government to the University and the present status of the University.

A. THE PLACE OF HOWARD UNIVERSITY IN HIGHER EDUCATION

Howard University, located in the District of Columbia, was chartered by Act of Congress, dated March 2, 1867—One Hundred years ago this March. The University consists of ten schools and colleges and offers programs of higher education on the undergraduate, graduate, and professional levels. The University provides programs leading to the bachelor's, master's, and doctoral degree. There are four divisions that accept students directly from high schools; namely, the College of Liberal Arts, the College of Fine Arts, the College of Pharmacy, and the School of Engineering and Architecture. There are six divisions that offer advanced professional or graduate work; namely, The College of Medicine, the College of Dentistry, the School of Social Work, the School of Law, the Graduate School, and the School of Religion. (The School of Religion receives no support from Federal funds.)

The founders of Howard University had as one of their principal purposes the establishment of a university which would admit students without regard to sex, race, creed, color, or national origin. The University has always adhered to this principle. The general philosophy which guides the program of Howard University can be stated as follows:

(1) The basic purposes and aims of a university are: the development of an inquiring and discriminating mind, the education of youth to perform intelligently and responsibly the functions devolving upon effective citizens, the education of members of professions and other vocations which require formal education beyond the high school, the education of scholars and the encouragement and prosecution of research to extend the boundaries of knowledge, and the contribution of various educational services to the community at large. In the pursuit of these basic aims and purposes, Howard University is committed to excellence of performance.

(2) Howard University is committed to the philosophy of the publicly supported university which holds that all persons, irrespective of race, creed, color, sex, religion, or national origin who are capable of successfully pursuing a higher education, should be given the opportunity to do so.

(3) Howard University is dedicated to the task of educating its students for a socially intelligent and a morally responsible life.

(4) As a matter of history and tradition, Howard University accepts a special responsibility for the education of capable Negro students, disadvantaged by the system of racial segregation and discrimination, and it will continue to do so as long as Negroes suffer these disabilities.

(5) Howard University also accepts a special responsibility to make a continuing and comprehensive study of disadvantaged persons in American society so as to contribute to the prevention, amelioration, and removal of disabilities caused by race, color, social, economic, or political circumstances by (a) extending and intensifying its research efforts in the field of race relations and collateral areas, (b) helping its students, as potential leaders and effective citizens, to develop a basic understanding of and the intelligent ability to deal with these problems and (c) increasing its current efforts in the dissemination and preservation of knowledge in these special fields.

Since its founding in 1867, Howard has graduated 25,279 persons and has been a pioneer in providing professional training for Negro students in medicine, dentistry, pharmacy, engineering, architecture, law, music, and social work, as well as in the teaching profession and religion. The services of Howard have been of particular significance, for during much of this period Howard was the only publicly-supported university to survive which made completely available to Negro students the broad programs of undergraduate, graduate, and professional education usually characteristic of state universities. Among institutions in which Negro students are in a majority, Howard still stands as the only one affording a complex system of undergraduate, graduate, and professional training.

The importance of Howard in providing professional training for Negroes may be especially well illustrated by reference to the fields of medicine and dentistry. Howard University and Meharry College in Nashville, Tennessee continue to be the major centers for the training of Negro physicians, surgeons, and dentists.

The University continues, as always, to seek for its faculty the most able persons. These persons are selected on the basis of their competence and character without regard to sex, race, color, creed, or national origin. It is to be noted that the Howard faculty has always included the largest group of Negro teachers and scholars at the university level to be found anywhere in the United States. Indeed,

many of the most distinguished Negroes in public life have either received training or have taught at Howard University at some time during the course of their careers.

Numerous members of the faculty and staff in the past year alone were engaged in a variety of useful activities both in the United States and abroad. The President, who was on leave from the University, served as United States Deputy Representative to the United Nations. Several members of the staff, including the President of the University, represented the United States in various possessions and foreign countries.

The University administers several large-scale programs designed to assist neighborhoods in the local community to solve some of their economic, social, and cultural problems. The Center for Community Studies concentrates on the problems of the young and as a facilitator or catalytic agent in the development of community resources and in channeling the services of the larger community to one of the most depressed areas in the District of Columbia.

It is noteworthy that the University has achieved a significant record for its service to foreign students. During the 1965-66 school year, there was a total of 1,522 students from outside the continental United States, including two possessions of the United States, seventy-seven foreign countries, and island possessions of the British, French, and Dutch West Indies. Approximately 14.8 per cent of the students seeking degrees at Howard come from foreign countries. The percentage of foreign student enrollment in relation to the total student enrollment at the University continues to be among the highest in any American university. Howard students have the rich experience of daily association with teachers and students who are representative of every race and color and all the major creeds in the world.

B. THE SPECIAL RELATIONSHIP OF THE FEDERAL GOVERNMENT TO THE UNIVERSITY

Following the establishment of the University in 1867, funds provided by the Federal Government were contributed toward the purchase of the first land and the erection of the first building. Soon thereafter, the University was associated with Freedmen's Hospital, which the Government had established to provide hospital and medical services for emancipated slaves. This relationship between the University and Freedmen's Hospital has continued to the present day. It is to be noted that the present Freedmen's Hospital stands on grounds owned by Howard University and leased to the Government for \$1 per year. On the basis of a formal agreement with the Government, Howard University has the responsibility for furnishing all professional services in the hospital. Action of the Congress in authorizing (Public Law 87-262 approved September 21, 1961) the transfer of Freedmen's Hospital to Howard University and the construction of a new 500-bed hospital will very much improve this medical teaching facility and enable the University to perform greater community service. Until the present day, the programs of Howard and Freedmen's Hospital have provided the most important single training facility anywhere in the world for the medical education of Negro physicians and surgeons.

In 1879 Congress passed the first Government appropriation for the support of Howard University, which was in the amount of \$10,000. Since that time, Congress has made continuing and increasing appropriations to the University. Until 1928 these appropriations were made in the form of a voted gratuity without the support of substantive law. During the period of 49 years from 1879 to 1928, these current annual appropriations made by Congress to Howard increased from \$10,000 to \$218,000. A significance to be attached to the value of these appropriations is that Howard was thus able to survive as the only one of many educational institutions which were similarly established in the period immediately following emancipation.

In 1928 the United States Office of Education called attention to the necessity of making Howard University a first-class institution. It was pointed out that such a university freely available to the Negro people did not exist anywhere in the United States. The act incorporating Howard University was amended soon thereafter, so as to provide a substantive legal basis for the making of annual appropriations to Howard. The pertinent provisions of this legislation are as follows:

"Section 8. Annual appropriations are hereby authorized to aid in the construction, development, improvement and maintenance of the university, no part of which shall be used for religious instruction." (45 Stat. 1021, Approved December 13, 1928.)

On February 11, 1929, the Secretary of the Interior, then responsible for the Office of Education, convened an important conference concerning Howard University. This conference was attended by representatives of various areas of the Government including the Bureau of the Budget, the Appropriations Committees of the House and Senate, the Department of Interior, the United States Office of Education, educational and philanthropic leaders, and trustees of Howard University. It was agreed at this conference that Howard University should be placed on a first-class basis, and the Office of Education was authorized to study and prepare a plan for the development of the University with this objective in mind.

The Office of Education made a study of every aspect of the educational program at Howard. As a result of this study, a program to place the University on a first-class basis was worked out in detail. As a follow-up of information gathered from this study, the Government immediately undertook a program of providing increased financial support for the University. In successive steps, the appropriations for operations, and expenses increased from \$218,000 in 1928 to \$675,000 in 1932. During the years of the economic depression, however, increases in these current operating appropriations eased temporarily and the building program likewise came to a halt. Beginning again in 1941, increases in regular operating appropriations were made for the University, rising from \$1,115,701 in 1946 to \$13,344,000 in 1967.

Congress approved in 1930 the first twenty-year program for the physical development of the University, recognizing that the institution very much needed a new plant and the necessary equipment in order to carry out the program which it was intended to undertake. The twenty-year program provided for the acquisition of additional land and the construction of more than 30 new buildings within the period of ten years.

Between 1929 and 1933, Congress appropriated \$3,264,000 toward the construction of eight projects. These projects included three dormitories for women; a classroom building; a heat, light, and power plant; a tunnel for the transmission of heat, light and power; a chemistry building; and a general library building. In subsequent years, these buildings were all constructed, and additional appropriations of \$1,297,000 were made for men's dormitories and for landscaping and repair of buildings. The land which was needed for these projects was obtained through gifts from private foundations. Between 1936 and the close of World War II there were no further appropriations for buildings.

During the period beginning in 1946 and covering the immediately subsequent years, student enrollment at Howard was greatly increased by the sudden impact of more than 2,600 veterans. The influx of students greatly overtaxed all of the facilities of the University. The Government alleviated the situation to some extent by providing the University with thirteen temporary wooden buildings and turning over for its use two permanent dormitory buildings which had been originally constructed for the housing of Government employees.

The University's funds for physical plant maintenance were limited to such an extent that it was impossible to provide the necessary plant upkeep, with the consequence that there was heavy and rapid deterioration. As a result, Congress appropriated \$50,000 in 1948 to provide for a restudy by the Public Buildings Administration of the twenty year plan which had been adopted in 1930. An additional \$30,000 was appropriated in 1963 to bring the Master Development Program for the University up to date.

Between 1948 and 1952, appropriations were authorized for eleven major building projects at a cost of \$18,493,221. During this period, there was the first sustained effort toward providing an adequate plant for the University since the series of appropriations between 1927 and 1933.

Thirty-three projects involving \$51,567,500 have been authorized since 1945, in furtherance of the Government's desire to provide Howard University with a first-class physical plant. Twenty-one of these projects have been completed; four will be under construction during 1967; ten are in the planning stage; and two projects involving site acquisition are now partially complete.

The 1967 appropriation included funds for the construction of a University Center building and improvements to the site; plans and specifications for an expansion of the Medical-Dental Library, and a house for the University President; and for further study of the Master Development Plan. The 1968 estimates include requests for plans and specifications for power plant facilities. Construction funds are requested for University Hospital, completion of a men's dormitory, and a new women's dormitory.

C. THE PRESENT STATUS OF THE UNIVERSITY

Howard University is now celebrating its one hundredth year of service to higher education. This year long centennial observance will highlight in many forms the significant objectives of our Centennial theme, "The University in a Changing Society", that follow:

A. To review and evaluate Howard University's progress during its first one hundred years;

B. To fashion new goals toward which Howard University will strive during its next one hundred years;

C. Examine critically the changes which are likely to occur in society and the responsibility of every University in the presence of these changes; and

D. To identify and assume Howard University's special obligations incident to the current and anticipated changes in society.

Howard University seeks to become a first-class university in every respect and is committed to excellence in performance, not only in its teaching and research programs, but also in its administrative operations as well. These aspirations are, of course, no different from those of other universities. In this regard it could be noted that each of the educational divisions has been accredited by the relevant accrediting agency.

Howard University stands as an achievement of very great significance to the Negro people and to the country. Even though the state universities in the South are gradually opening their doors to Negro students, this is only the beginning of a change which will still take many years to reach full realization of the day when students and teachers will be selected throughout the country on the basis of merit, without regard to race, color, or creed. Until that time comes, Howard University will be one place in the country where the people of the United States have united to express their desire that the Negro minority have free access to all the benefits of higher education from teaching of administration in a comprehensive undergraduate, graduate, and professional programs. This manifestation at Howard of the high possibilities of democracy continues to be one of the truly bright spots of American culture and development.

Every unfinished element in the development of the University which leaves it short of first-class performance should be overcome as rapidly as possible so that not only the Negro people themselves but all the people of the United States, and people everywhere who are watchful of what our country does, will see in Howard an unequivocal expression of our country's purpose to remove the disadvantages of race, color, and creed.

In this new world in which the winds of revolution have produced so much change, Howard ably serves our country. To advance its program, to strengthen its resources, and to raise its standards is to assist the advancement of our national goals and interests. This country and all the world need the talents of all the people. They are needed now and desperately so.

At Howard, the Government has a long history and tradition in improving the lot of disadvantaged youth and of opening the door to educational opportunity to all on a first-class basis without regard to race or color. The Government and all the people will continue to benefit from this great adventure.

This statement concerning the present status of the University would not be complete without mention of the pending transfer of Freedmen's Hospital to Howard University. The Act authorizing the transfer specified that the transfer should take place as soon as practical, but not later than the second month which begins after construction of the new hospital facilities. There is hope that plans and specifications for the project will be completed toward the latter part of fiscal 1968, if the planning schedule can be maintained. Construction of the project should begin shortly thereafter. This Hospital, when completed, should be one of the finest in the area.

With respect to the transfer of operations for the Hospital to Howard University, the Department of Health, Education and Welfare and the University have agreed to make the effective date July 1, 1967. Plans for the assumption of this responsibility are moving forward with reasonable satisfaction. I wish, however, to let you know that the University is aware of problems that will attend this transfer of responsibility. For example, pending completion of this new Hospital structure, patient care must be continued in old inefficient and outdated buildings that fail to attract those patients who now enjoy the benefits of health insurance plans, thereby lessening the possibilities for improving the present record for reimbursements. Similarly, there are substantial indications that a sizable number of employees on the present staff will desire to remain

under employment in the Federal Government. This development will initially create a recruitment problem for the University. These are just two of the many major problems that will occupy time and energy of the administration for the months ahead. We hope and believe that the University can successfully operate the Freedmen's Hospital. The continued support of the Federal Government in this regard, will make this hope and belief possible.

The University's Master Development Program authorized in 1948 and completed in 1951, was designed to serve 5,200 full-time students during the day and as many additional evening and summer school students as could be accommodated within the physical plant. This enrollment objective has already been exceeded. During the 1965-66 school year, the full-time equivalent enrollment was 10,455. During the entire period of the 1965-66 school year, including both the regular academic year and the 1965 summer session, the University served a total of 12,427 students. It is evident that the number of students enrolled at the University will continue to increase.

About seventy-five percent of the physical facilities contemplated under the 1951 master development program have been completed or are under construction, or in various stages of planning. However, since the planned enrollment goal has been passed, it is apparent that Howard will have to provide additional physical facilities for a larger number of students than was previously anticipated. To this end, Congress has authorized \$60,000 and work is in progress on a study of the Master Development Program of 1951 with a view toward providing facilities for a student body of 12,000 full-time students in the regular sessions.

been passed, it is apparent that Howard will have to provide additional physical. Progress in the development of the construction program; while encouraging, has not been nearly as fast as it had originally been planned. The University hopes that planning and construction funds for the remaining long delayed buildings can be made available soon in order that the full necessary physical plant can be completed and placed into operation at an early date.

1967 CENTENNIAL COMMEMORATION

Mr. NABRIT. On behalf of the Board of Trustees of Howard University, I wish to express my warm appreciation to members of the committee and to other Members of the Congress for the support given the educational program of the university in fiscal year 1967—the year in which we commemorate 100 years of service to higher education in the United States and the world.

This appropriation will enable the university to qualitatively improve our instructional program; to partially accommodate an enlarged enrollment and improve the operation and maintenance of the physical plant.

1967 APPROPRIATION AND 1968 BUDGET REQUESTS

The budget for fiscal year 1968 requests an appropriation of \$15,300,000 for "Salaries and expenses." This request represents a net increase of \$1,766,000 over the regular 1967 appropriation of \$13,344,000 and proposed supplemental \$190,000.

Senator HILL. You haven't received the \$190,000 yet?

Mr. NABRIT. Not yet, sir.

The increase in funds would be used in three major areas of the university that we feel should be given further consideration.

ENROLLMENT AND INSTRUCTION

"Accommodation of increased enrollment, and the maintenance of quality instruction," \$1,796,391. The increased student enrollment, now numbering approximately 11,000 students during the full fiscal year,

has placed an extremely heavy load upon the instructional staff and the available physical facilities.

TEACHING AND SUPPORTING SERVICES

There is a continuing need to provide more teachers and supporting services as the enrollment of the university increases. The university likewise seeks to improve the quality of instruction by providing adequate salaries and personnel benefits, and physical facilities that will contribute to the learning experience of the students.

PERSONNEL

To this end, request is here made for 90 new positions and a total increase of \$1,796,391 distributed as follows: 41 new teaching positions in the College of Liberal Arts, the College of Medicine, the College of Dentistry, and the School of Engineering and Architecture, at a cost of \$420,010; 37 new positions as support for teaching positions at a cost of \$207,510; 12 new positions for the new College of Nursing, the data processing and computer center, and institutional research at a cost of \$139,564; educational supplies, materials, contract services and equipment for the operation of activities in liberal arts, medicine, law, community studies, data processing and computer activities, and engineering at a cost of \$579,307; and salary increases for the teaching staff at a cost of \$350,000.

EDUCATIONAL SUPPLIES

Senator HILL. You speak about educational supplies; those costs have gone up considerably?

Mr. NABRIT. Yes, sir; and they go up every year, Mr. Chairman. You not only use more but they cost more.

Senator HILL. They cost more per unit. Is that right?

Mr. NABRIT. That is right.

PHYSICAL PLANT OPERATIONS AND MAINTENANCE IMPROVEMENT

Improvement in the "Operations and maintenance of physical plant," \$326,129. Our second area of major concern is in the operation of the physical plant. Request is here made for a total of \$326,129 to provide for strengthening of the staff and for nine rehabilitation projects.

STAFF BENEFITS

Staff benefits, \$112,000. The third area covered in the request for an increased appropriation is related to staff benefits. We are here asking for \$112,000 to cover salary increases for nonteaching personnel, additional social security expense, and improvements in our employee retirement program.

ELIMINATION OF NONRECURRING OBLIGATIONS

The total request for an increase of \$2,234,520 is offset by \$468,520 in items eliminated as nonrecurring obligations and increased income, thereby leaving a net increase of \$1,766,000 in the "Salaries and expense" category.

CONSTRUCTION, HOWARD UNIVERSITY

APPROPRIATION ESTIMATE

"HOWARD UNIVERSITY, CONSTRUCTION

"For the constructiton, *purchase, renovation*, and equipment of buildings and facilities [on the grounds of] for Howard University, under the supervision of the General Services Administration, including planning, architectural, and engineering services, **[\$3,342,000]** \$23,111,000, to remain available until expended."

Amounts available for obligation

	1967	1968
Appropriation.....	\$3,342,000	\$23,111,000
Unobligated balance available, start of year.....	10,844,058	10,334,741
Unobligated balance transferred from physical education building (men).....		
Unobligated balance available, end of year.....	-10,334,741	-1,648,480
Total.....	3,851,317	31,797,261

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Home economics building.....		\$795				-\$795
Power plant facilities.....		427,958		\$85,000		-342,958
Physical education building (men).....		41,839				-41,839
Classroom building No. 2.....		303,001				-303,001
Women's dormitory No. 7.....		492,378				-492,378
Warehouse service building.....		12,140				-12,140
Men's dormitory No. 4.....		50,000		3,076,261		+3,026,261
Social work building.....		955,714				-955,714
Physical education building (women).....		50,000		2,400,000		+2,350,000
University hospital.....		800,000		19,185,000		+18,385,000
Site planning and development.....		300,413		100,000		-200,413
Site for university expansion.....		54,337				-54,337
Master development program study.....		33,742				-33,742
University center.....		100,000		3,500,000		+3,400,000
Classroom building No. 3.....		100,000		10,000		-90,000
Women's dormitory No. 8.....		100,000		2,741,000		+2,641,000
Medical-dental library expansion.....		24,000				-24,000
President's house.....		5,000				-5,000
Warehouse service building.....				700,000		+700,000
Total obligations.....		3,851,317		31,797,261		+27,945,944

New obligational authority by activity

Description	1967 estimate	1968 estimate	Increase (+) or decrease (-)
University center building.....	\$3,083,000		-\$3,083,000
Site development and planning.....	200,000		-200,000
Medical-dental library expansion.....	24,000		-24,000
Master development plan study.....	30,000		-30,000
President's house.....	5,000		-5,000
Powerplant facilities.....		\$85,000	+85,000
University hospital.....		19,185,000	+19,185,000
Men's dormitory No. 4.....		400,000	+400,000
Warehouse service building.....		700,000	+700,000
Women's dormitory No. 8.....		2,741,000	+2,741,000
Total, new obligational authority.....	3,342,000	23,111,000	+19,769,000

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Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Travel and transportation of persons.....	\$3,000	\$3,000	
Printing and reproduction.....	35,000	50,000	+\$15,000
Other services.....	1,275,000	150,261	-1,124,739
Supplies and materials.....	3,317	3,000	-317
Equipment.....	566,000	3,050,000	+2,484,000
Lands and structures.....	1,969,000	28,541,000	+26,572,000
Total obligations by object.....	3,851,317	31,797,261	+27,945,944

Summary of changes

1967 enacted appropriation.....	\$3,342,000
Unobligated balance brought forward.....	10,844,058
Unobligated balance carried forward.....	-10,334,741
1967 total estimated obligations.....	3,851,317
1968 estimated obligations.....	31,797,261
Total change.....	27,945,944

INCREASES

For program items:

Powerplant facilities.....	85,000
University hospital.....	19,185,000
Men's dormitory No. 4.....	400,000
Warehouse service building.....	700,000
Women's dormitory No. 8.....	2,741,000
Total increases.....	23,111,000
Building projects financed from prior year balance.....	4,834,944
Total net change requested.....	27,945,944

Explanation of changes

INCREASES

1. New obligational authority is requested in 1968

Budget Estimate for the following projects:

(a) Powerplant facilities.....	\$85,000
(b) University hospital.....	19,185,000
(c) Men's dormitory No. 4.....	400,000
(d) Warehouse service building.....	700,000
(e) Women's dormitory No. 8.....	2,741,000
	\$23,111,000

2. Increase in obligations from unobligated authority of prior years:

(a) Men's dormitory No. 4.....	2,676,261
(b) Physical education building for women..	2,400,000
(c) Site planning and development.....	100,000
(d) University center building.....	3,500,000
(e) Classroom building No. 3.....	10,000
	8,686,261
Total	31,797,261

DECREASES

The following decreases in obligations result from nonrecurring obligations against authority previously granted:

Home economics building-----	\$795	
Powerplant facilities-----	427,958	
Physical education building (men)-----	41,839	
Classroom building No. 2-----	303,001	
Women's dormitory No. 7-----	492,378	
Warehouse service building-----	12,140	
Social work building-----	955,714	
Site planning and development-----	300,413	
Site for university expansion-----	54,337	
Master development program study-----	33,742	
University center-----	100,000	
Classroom building No. 3-----	100,000	
Women's dormitory No. 8-----	100,000	
Men's dormitory No. 4-----	50,000	
Physical education building (women)-----	50,000	
University hospital-----	800,000	
Medical-dental library expansion-----	24,000	
President's house-----	5,000	
		3,851,317
Total -----		27,945,944

THE BUILDING PROGRAM IN SUMMARY

The current status of the building program, as proposed in 1951 for Howard University and incorporated in "The Master Development Program" by the Public Building Service of General Services Administration, under an appropriation of \$50,000 authorized by the Congress (P. L. 639, 80th Congress, approved June 1949) may be summarized as follows:

1. *Building projects proposed (see schedule 1 for details).*—"The Master Development Program" proposed construction of twenty-six (26) new facilities; ten (10) in Stage I, ten (10) in Stage II, and six (6) in Stage III. The new University Hospital, subsequently authorized by P. L. 87-262 (Approved September 21, 1961), increases the total number of new buildings proposed under the 1951 "Master Development Program" from twenty-six (26) to twenty-seven (27).

2. *Projects completed.*—Fourteen (14) building projects will be completed or acquired by June 30, 1966. The following buildings were constructed under the supervision of General Services Administration: Women's dormitories Nos. 4 and 5; Engineering and Architecture building; Dental Building; Biology-Greenhouse building; Pharmacy building; Law School building; Administration building; Men's Dormitory No. 3; Pre-Clinical Medical building; Auditorium-Fine Arts building; Home Economics building; Physical Education (men) building, and Classroom building No. 2. A Warehouse Service building was purchased during the fiscal year 1963, and has been renovated. Three additional projects for improvement of utility service were authorized and completed.

3. *Projects under construction.*—Two (2) building projects will be under construction at June 30, 1967. These buildings may be identified as Women's dormitory No. 7, and Social Work building. The work in connection with power plant facilities and site details will continue during the year.

4. *Building projects in the planning stage.*—Eight (8) projects will be in the planning stage during fiscal year 1967. These projects may be identified as Men's dormitory No. 4, Physical Education building for women, University Hospital, Master Development Program study, University Center, Power Plant Facilities (boiler installations), Classroom building No. 3, and Women's dormitory No. 8.

5. *Building projects to be authorized, planned, and constructed.*—The following eight projects are yet to be authorized, planned and constructed if the 1951 "Master Development Program" is followed: Health Service building, Stadium Faculty Union Building, President's house, Housing Units Nos. 1 and 2, School of Religion Complex (Chapel, Classroom, Library) and School of Religion Dormitory building No. 5. The religion buildings are not to be constructed with Government Funds.

6. *Additional projects authorized.*—Additional projects have been authorized in support of the Building Program as conceived under the 1951 "Master Development Program." They are as follows:

- a. Master Development Program (1951) (complete).
- b. Master Development Program study of needs during the next 20 years (in progress).
- c. Thirkield Science Hall alterations (complete).
- d. Site Planning & Development (in progress).
- e. Site for University Expansion (in progress).
- f. Underground telephone duct system (complete).
- g. Power Plant Facilities:
 - Survey (complete).
 - Boiler and electrical generator (complete).
 - Vacuum Pumps (complete).
 - Electrical substation (complete).
 - Repairs (complete).
 - Electrical distribution, renovations and improvements (in progress).
 - Steam distribution, renovations and improvements (in progress).
 - Steam Production expansion (in progress).
- h. Medical-Dental Library Expansion.
- i. Classroom building #3.
- j. Women's dormitory #8.

7. *Projects included in 1968 estimates.*—The 1968 estimates include request for appropriation (a) to construct the University Hospital, and Women's dormitory #8; (b) to supplement funds available to construct Men's dormitory #4; (c) to purchase and renovate Warehouse Service building; and (d) to plan Power Plant Facilities.

Howard University respectfully requests an appropriation of \$23,111,000 for the following building projects:

	Estimated cost of project	Appropriated to date	Request for 1968
For construction:			
1. University hospital	¹ \$20,415,000	\$1,230,000	\$19,185,000
2. Women's dormitory No. 8	2,891,000	150,000	2,741,000
3. Men's dormitory No. 4	3,853,000	3,453,000	400,000
4. Powerplant facilities: Steam and electrical distribution system	85,000	-----	85,000
Total	27,244,000	4,833,000	22,411,000
For purchase and renovations: Warehouse service building	700,000	-----	700,000
Total for 1968	27,944,000	4,833,000	23,111,000

¹ This estimate of cost is subject to adjustment for change in price index and cost of movable and scientific equipment.

A justification for each new project follows:

No. B17—*University hospital, \$19,185,000 (for construction of project)*

1. *Appropriation request.*—Howard University respectfully requests an appropriation of \$19,185,000 for the construction, including built-in equipment, of a teaching hospital.

2. *Plans and specifications.*—The Congress appropriated a total of \$1,230,000 for the planning of the building (Public Law 87-332, approved September 30, 1961 and Public Law 88-136, approved October 11, 1963). The preparation of the plans and specifications is underway and is expected to be completed in the fourth quarter of fiscal year 1968.

3. *Estimated cost of the project.*—The Bureau of the Budget has approved of \$20,415,000 as the limit of cost for the Hospital project, exclusive of movable equipment and adjustment for change in price index.

4. *Need for the new facility.*—The need for a new hospital was established by the recommendations of the Freedmen's Hospital Study Commission, appointed by the Secretary of the Department of Health, Education and Welfare.

Among the conclusions reached by the Commission, the following appears: "Because of the national shortage of medical, nursing, and allied professional personnel in general, and of Negro medical, nursing, and allied personnel in

particular, and because Howard University cannot perform its teaching function in meeting these needs without a hospital, there is a continuing and future need for a hospital, the primary purpose of which is to serve as a teaching facility." By Act of Congress in 1961, legal bases were established for the transfer of the ownership of Freedmen's Hospital to Howard University and for the construction of a teaching hospital of 500 beds.

5. *Description of the new facility.*—The new facility is to be a hospital building having a capacity of 500 beds to be erected on the recently acquired Griffith Stadium site with a direct connection to the College of Medicine.

The building is to have a gross area of about 587,625 square feet. It is to be a simple rectangle in plan having six stories above the ground and two stories below. The building will provide the medical and nursing service space, plus the various facilities for teaching. Provision will be made also for well developed outpatient clinics with the required teaching and related service space.

No. B21—Women's dormitory No. 8, \$2,741,000 (construction)

1. *Appropriation request.*—Howard University respectfully requests an appropriation of \$2,741,000 for the construction and equipment of a Dormitory for Women.

2. *Plans and specifications.*—The Congress appropriated the sum of \$150,000, under Public Law 89-156, approved August 31, 1965, for the preparation of plans and specifications for this project. The development of a program for the design of the building is in progress and the plans and specifications are expected to be complete in the second quarter of the 1968 fiscal year.

3. *Estimated cost of the project.*—Based upon preliminary data and a building similar to the proposed one, it is estimated that the cost of the construction, equipment, and supervision of construction will be \$2,891,000.

4. *Need for the new facility.*—The University has a very acute problem in the shortage of housing. In the 1965 school year there were about 2,300 out-of-town women students. The capacity of the existing residence halls for women has been extended to the limit in order to provide housing accommodations for a maximum number of undergraduate out-of-town women students.

The normal capacity of our existing women's residence halls on campus is 513. One residence hall, which is not on campus, has a capacity of 300, bringing the total to 813. It has been a University requirement that the first year students live in the dormitories. At the present time the number to be housed is about 2,000 in dormitories with a normal capacity is 813. By converting parlours, infirmaries and any other available space into dormitory rooms and by converting double rooms into triple rooms, the bed capacity has been increased to 949. The ultimate capacity has been reached by the introduction of bunk beds wherever possible to provide housing for 103 more, for a total of 1,052. For those who are accommodated, the living conditions are most unfavorable for optimum academic achievement. For the remaining approximately 1,000 undergraduate women, the accommodations must be in private homes out in the city, mostly some distance from the campus.

There is a growing degree of disappointment and unhappiness among students and their parents, especially among those living off-campus because of the inconvenience, additional cost, and difficulty of protection and supervision.

It should be noted that Women's Dormitory No. 7, for which funds were appropriated, would have contributed 300 beds toward the relief of the situation but a contractual problem led to the suspension of work in July 1965. Work was resumed on this project during the first part of January, 1967.

5. *Description of the new facility.*—The proposed building is to house 300 women, in groups of 7 to 9 students in a living unit consisting of 7 to 9 small single rooms with a small living room and bath. This arrangement is expected to contribute greatly toward conditions for maximum academic achievement. Social and recreational space will be minimized. The building may be six or possibly more stories high and have a gross area of about 100,000 square feet.

No. B15—Men's dormitory No. 4, \$400,000 (additional construction)

1. *Appropriation request.*—Howard University respectfully requests an appropriation of \$400,000 for the construction of an addition of a Dining Room and Kitchen which was proposed for deletion because of the inadequacy of appropriation.

2. *Plans and specifications.*—The Congress appropriated \$139,000, by Public Law 87-290, approved September 1961, for the preparation of plans and specifications approved October 11, 1963. The Architect's work was suspended in the early

stage of design because the National Capital Planning Commission withheld approval due to a deficiency of parking spaces. After resolving the parking problem, the architects' work on diagrammatic sketches was resumed. Completion of these sketches, however, indicated that the cost of original building program would exceed approved estimates by \$400,000, unless vital parts of the building program, such as kitchen and dining room, were eliminated. Work on plans for this facility has proceeded in such a manner that the kitchen and dining room may be restored if this request is approved.

3. *Construction appropriation.*—The 1964 appropriation provided \$3,314,000 to construct the Men's Dormitory project. (Public Law 88-136, approved October 11, 1963.)

4. *Estimated cost of project.*—The total cost of the project is estimated at \$3,853,000, including the additional funds being requested.

5. *Need for the new facility.*—The plans for the development of the University called for the food services to be supplied by the establishment of kitchen-dining units in the dormitory groups. The proposed building is to contain one of these units, serving principally the 200 students of Cook Hall, 300 in Drew Hall and the 400 in this dormitory building. When the Diagrammatic Drawings were reviewed, an estimate of cost was made by the Public Buildings Service which indicated a need for \$400,000 over the \$3,453,000 already appropriated. The increase was due almost entirely to the general change in the cost of construction since the two appropriations were made.

It has been the practice of General Services Administration not to proceed with a project if the estimate of cost exceeds materially the available funds. Therefore, in order to move forward with the drawings, the University suggested that this food service facility be left undeveloped until sufficient funds could be made available. This facility was needed when the project was requested. With the lapse of time and the increasing enrollment, the need is now critical.

6. *Description of the new facility.*—The facility consists of a one-story wing to the proposed building which will contain the cafeteria serving counter, a dining area seating 350 to 400 students and the direct entrance vestibule. The kitchen space is within the basement area of the building so that this part of the facility will consist of partitioning, finishing and installation of kitchen equipment.

No. C10—*Powerplant facilities and renovations and repairs to electrical and steam distribution systems, \$85,000 (planning)*

The University Development Program for Howard University, in its text and by illustration, recommends certain expansion and additions to the facilities for the production and distribution of steam and electricity as the building program progresses. Some elements of this program have been carried out. With the second stage of the Building Program almost complete and the impending transfer of Freedmen's Hospital to Howard University in the near future, it became clear that a new survey of the steam facilities should be made. This survey was completed in August, 1964.

The 1964 survey updated the survey of 1960 in the light of the Freedmen's Hospital transfer and the proposed new Master Plan. Preliminary studies by the University now indicate the need for a new electrical survey, which it is hoped can be undertaken immediately with funds already appropriated.

The new steam survey and certain preliminary electrical studies made by Howard University are the basis for the requested appropriations that follow:

C10A—*Planning \$85,000.*—This amount is requested for the preparation of plans and specifications for the steam and electrical projects which follow.

Fuel Oil Tank.—The 1964 Steam Survey recommended that during the first increment (1963-68) the oil storage capacity be increased by 200,000 gallons. With the completion of the two new boilers this fall and the growing steam demand because of new construction, it is necessary to provide the additional oil storage space. It is proposed to install a new fuel oil storage facility consisting of one field erected 200,000 gallons vertical tank in conjunction with the work pit, connecting conduit, fuel oil transfer pumping and piping system, hot water heating system, valves, controls and other accessories.

Network transformers.—At the present the University has two electrical systems. Some of the older buildings are being fed with 4,160 volts and the newer buildings supplied with 13,200 volts. The older buildings for the most part have only one transformer and one source of supply at 4,160 volts. It is proposed to change the buildings to the 13,200 volt system.

This will give two sources of power as provided for in the newer buildings and some cable space thus eliminating the need for additional electrical ducts.

This project will provide for new 13,200 volt network transformers, feeders and associated facilities for the Physics Building (#4); Women's Residences (#11 and #43); Dental Building (#45); Biology Building (#46); Pharmacy Building (#47); Law School Building (#48); Administration Building (#52); Douglas Hall Building (#20); Chemistry Building (#50); and the Home Economics Building (#57).

No. D3—Warehouse-service building No. 2, \$700,000 (purchase and renovation)

1. *Appropriation request.*—Howard University respectfully requests an appropriation of \$700,000 for the purchase and renovation of an existing building to be used as a warehouse and service building and for certain other services for which there is no adequate facility.

2. *Plans and specifications.*—The cost of preparing plans and specifications for the renovation work is included in the estimated cost of the project.

3. *Estimated cost of the project.*—The University secured an unappraised purchase price of \$325,000, for the building about a year ago. It is not expected that the price will change at the same rate a building of a different use might change. It appears that the constant moving of material in and out of a commercial storage building has caused storage companies to build one story buildings on the out-skirts of the city. The interest in the building may be somewhat limited, therefore, and the purchase price is expected to remain near the price obtained last year. The remaining \$375,000 is intended to cover the work of renovating the building for use of purposes other than storage.

4. *Need for the new facility.*—The Master Development Program for Howard University called for a Warehouse-Service Building having a gross area of about 70,000 square feet to contain the shops and other facilities for the maintenance and operation of the University physical plant. The Master Plan called for the construction of the building on land outside of the campus to be acquired.

In 1963, the Congress appropriated \$550,000 by Public Law 87-582, approved August 14, 1962 for the purchase and renovation of a building which was located on Sixth Street on the fringe of the campus, containing about 27,000 square feet of space. This project was completed and occupied. The original request was for the purchase and renovation of two buildings, namely the Sixth Street Building and a building located on Georgia Avenue at Girard Street.

The Master Plan Program is nearing completion and we have less than half of the area of warehouse and service called for by the plan. Now that the building has become available again for purchase, the funds to acquire the facility are being requested. In addition to the space needed for services to be rendered in the maintenance and operation of the University buildings, the acquisition of this building will provide space for a bookstore; space for Army and Air Force Reserve Officer Training Corps, and for a University central receiving service.

In addition to acquisition of needed service building space, the purchase of this property will include the land which is one of several enclaves of land on the Georgia Avenue border of the campus that the University wishes to acquire to make a proper continuous University appearance on Georgia Avenue.

5. *Description of the new facility.*—This building is located on the north east corner of Georgia Avenue and Girard Street and is an intrusion into the square of land where the new building for Physical Education for Men is located.

It was designed as a storage building, five stories high, of brick facing and reinforced concrete structure, the first part of which was built in 1929 and the second part in 1933 providing total area of 41,555 square feet of space. About half of the first floor contains offices. The other half contains a large enclosed loading dock accessible from an alley in the rear. A rear elevator of eight ton capacity extends to all floors and to the roof. The roof is capable of parking automobiles. The building is only partially heated. Plans for the renovation have not been worked out but generally the building will have to be fully heated and completely wired for light. There are a number of small storage rooms which will have to be removed to serve its new purpose. More detailed planning may be done only after its evacuation.

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HOWARD UNIVERSITY, BUILDING PROGRAM

Statement of appropriations, obligations, expenditures, and balances at June 30, 1966

Projects	Appropriations	Obligations	Expenditures	Transfers and re-seissions	Balances	
					Obligated	Unobligated
Auditorium-fine arts building-----	\$3,745,000	\$3,719,062	\$3,719,062	\$25,938		
Science hall alteration-----	320,000	319,937	319,937	63		
Law school building-----	1,410,000	1,384,796	1,384,796	25,204		
Biology-greenhouse building-----	1,872,000	1,872,000	1,872,000			
Administration building-----	1,625,000	1,621,797	1,621,797	3,203		
Men's dormitory No. 3-----	2,000,000	1,820,671	1,820,671	179,329		
Preclinical medical building-----	4,626,000	4,624,764	4,624,764	1,236		
Pharmacy building-----	960,000	959,990	959,990	10		
Dental building-----	3,300,160	3,299,204	3,299,204	956		
Engineering building-----	2,161,340	2,161,340	2,161,340			
Women's dormitories Nos. 4 and 5-----	1,790,000	1,787,474	1,787,474	2,526		
Master development program-----	80,000	76,258	61,258		\$15,000	\$3,742
Physical education building (men)-----	4,150,000	3,375,408	3,360,430	{ 2,753 1-53,000 }	14,978	718,839
Home economics building-----	1,175,000	1,174,179	1,164,984	25	9,195	796
Powerplant survey-----	21,000	21,000	21,000			
Classroom building No. 2-----	2,330,000	2,026,999	1,963,776		63,223	303,001
Women's dormitory No. 7-----	2,590,000	2,097,622	456,988		1,640,634	492,378
Warehouse service building-----	602,000	550,860	518,496	39,000	32,364	12,140
Men's dormitory No. 4-----	3,453,000	126,739	9,273		117,466	3,326,261
Site plans and development-----	239,000	38,587	19,845		18,742	200,413
University hospital-----	1,230,000	158,168	142,494		15,674	1,071,832
Powerplant facilities-----	1,614,000	1,139,042	678,521	1+53,000	460,521	527,958
Telephone underground duct system-----	122,000	48,948	48,948	73,052		
Powerplant, boiler* generator-----	792,000	789,358	789,358	2,642		
Social work building-----	993,000	37,286	24,049		13,237	955,714
Women's dormitory No. 8-----	150,000					150,000
Site for university expansion-----	1,725,000	1,670,663	1,666,327		4,336	54,337
University center building-----	240,000	20,237	16,737		3,500	219,763
Classroom building No. 3-----	150,000					150,000
Physical education building (women)-----	2,760,000	103,392	2,192		101,200	2,656,608
Total-----	48,225,500	37,025,781	34,515,711	355,937	2,510,070	10,843,782

¹ Transfers.

BUDGET REQUEST

I wish also to express our very great appreciation to the committee, and other Members of the Congress, for authorizing an appropriation of \$3,342,000 in fiscal year 1967 under the title of "Construction" for a university center building, for certain improvements in our site, and for plans on expansion of the medical-dental library, the revision of the master development, and for a home for the university president.

The 1968 request is \$23,111,000 for five items; namely, construction of a new university hospital to replace the old Freedmen's Hospital, \$19,185,000.

Senator HILL. How old is the Freedmen's Hospital?

Mr. NABRIT. 100 years old.

Senator HILL. It has been here a long, long time.

Mr. NABRIT. That is right, and looks like it.

Senator HILL. It was here when you and I had hair on our heads?

Mr. NABRIT. That is right, that is a long time ago.

And a women's dormitory, \$2,741,000; plant facilities, \$85,000; additional funds to complete a men's dormitory, \$400,000; and the purchase and renovation of a warehouse service building, \$700,000.

UNIVERSITY HOSPITAL

The largest item in this group is a request for \$19,185,000 in construction funds to build the new University Hospital which is to replace the present Freedmen's Hospital. The erection of this building will provide a medical teaching facility and a community hospital which is urgently needed at this time.

Senator HILL. It will give you a modern, up-to-date hospital?

Mr. NABRIT. That is right.

Senator HILL. Which you have much need for in your teaching as well as caring for your patients?

Mr. NABRIT. That is right, Mr. Chairman.

FREEDMEN'S HOSPITAL

The act which authorizes transfer of Freedmen's Hospital to Howard University will become operative, by agreement with the Department of Health, Education, and Welfare, on July 1, 1967, for the fiscal year 1968.

An opportunity has been accorded the university, by the Department and the management of the hospital, to review the 1968 budget estimates which you are being asked to consider.

BUDGET REQUEST SUPPORT

I wish to register my complete support for the Freedmen's Hospital request, which contains total obligation estimates of \$9,842,000, support by an appropriation of \$6,700,000, and reimbursements of \$3,142,000.

Senator HILL. Reimbursements?

Mr. NABRIT. These are reimbursements from patient's payments and other income.

1967 APPROPRIATION

The appropriation request represents a net increase of \$61,000 above the \$6,639,000 approved in fiscal year 1967. Reimbursements are likewise increased by \$57,000 over estimates covering the current year. The superintendent is being asked to make a statement to the committee concerning the Freedmen's Hospital request, and to answer questions that members of the committee may wish to ask of him.

Mr. Chairman, that is the formal statement which we would like to make.

Senator HILL. All right, now, you say the superintendent of the hospital would like to make a statement.

Mr. NABRIT. I thought he might make one in a few moments; yes, sir.

FREEDMEN'S HOSPITAL, SALARIES AND EXPENSES

APPROPRIATION ESTIMATE

"FREEDMEN'S HOSPITAL, SALARIES AND EXPENSES

"For expenses necessary for operation and maintenance, including repairs; furnishing, repairing, and cleaning of wearing apparel used by employees in the performance of their official duties; transfer of funds to the appropriation

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'Howard University, salaries and expenses' for salaries of technical and professional personnel detailed to the hospital; payment to [the appropriations of] Howard University for actual cost of [heat, light, and power] *steam for heat and other purposes* furnished by such university; *for employee benefits and hospital insurance coverage*; [\$5,193,000] \$6,700,000: *Provided*, That no intern or resident physician receiving compensation from this appropriation on a full-time basis shall receive compensation in the form of wages or salary from any other appropriation in this title: *Provided further*, That the District of Columbia shall pay by check to Freedmen's Hospital, upon the [Surgeon General's request] *request of Howard University*, in advance at the beginning of each quarter, such amount as the [Surgeon General] *university* calculates will be earned on the basis of rates approved by the Bureau of the Budget for the care of patients certified by the District of Columbia. Bills rendered by the [Surgeon General] *university* on the basis of such calculations shall not be subject to audit or certification in advance of payment; but proper adjustment of amounts which have been paid in advance on the basis of such calculations shall be made at the end of each quarter [: *Provided further*, That the Surgeon General may delegate the responsibilities imposed upon him by the foregoing proviso].

"[For an additional amount for "Salaries and expenses, Freedmen's Hospital", \$1,000,000.]"

Amounts available for obligation

	1967	1968
Appropriation.....	\$6,193,000	\$6,700,000
Proposed supplementals:		
Civilian pay increase (Public Law 89-504).....	163,000	-----
Wage board pay increase.....	33,000	-----
Terminal leave payment.....	1,250,000	-----
Reimbursements.....	3,085,000	3,142,000
Total.....	9,724,000	9,842,000

¹ This increase, based upon current projected terminal leave cost, is required to liquidate estimated employee annual leave balances as of June 30, 1967.

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
General hospital.....	540	\$5,467,000	570	\$5,614,000	+30	+\$147,000
Tuberculosis hospital.....	70	665,000	73	637,000	+3	-28,000
Gull pay pavilion.....	73	617,000	80	646,000	+7	+29,000
Outpatient services.....	75	998,000	78	789,000	+3	-209,000
Training program.....	37	1,233,000	39	1,303,000	+2	+70,000
Administration.....	82	744,000	90	853,000	+8	+109,000
Total obligations.....	877	9,724,000	930	9,842,000	53	+118,000

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1013

Obligations by object

	1967 estimate	1968 estimate	Increase (+) or decrease (-)
Total number of permanent positions.....	877	930	+53
Full-time equivalent of all other positions.....	251	269	+18
Average number of all employees.....	1,051	1,121	+70
Personnel compensation:			
Permanent positions.....	\$5,227,000	\$5,025,000	-\$202,000
Positions other than permanent.....	1,074,000	1,163,000	+89,000
Special personal service payments.....	851,000	1,332,000	+481,000
Other personnel compensation.....	174,000	174,000	-----
Total, personnel compensation.....	7,326,000	7,694,000	+368,000
Personnel benefits.....	396,000	422,000	+26,000
Travel and transportation of persons.....	6,000	6,000	-----
Transportation of things.....	1,000	1,000	-----
Rent, communications, and utilities.....	178,000	178,000	-----
Printing and reproduction.....	20,000	20,000	-----
Other services.....	748,000	354,000	-394,000
Supplies and materials.....	856,000	936,000	+80,000
Equipment.....	305,000	345,000	+40,000
Subtotal.....	9,836,000	9,956,000	+120,000
Deduct quarters and subsistence charge.....	-112,000	-114,000	-2,000
Total, obligations by object.....	9,724,000	9,842,000	+118,000

Summary of changes

1967 enacted appropriation.....	\$6,193,000
Proposed supplementals:	
Increased pay costs (Public Law 89-504).....	163,000
Wage board pay increase.....	33,000
Terminal leave payment.....	250,000
1967 estimated reimbursements.....	3,085,000
1967 total estimated obligations.....	9,724,000
1968 appropriation estimate.....	6,700,000
1968 estimated reimbursements.....	3,142,000
1968 estimated obligations.....	9,842,000
Total change.....	+118,000

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	Base		Changes from base	
	Positions	Amount	Positions	Amount
INCREASES				
A. Built-in:				
1. 1 day's pay in excess.....				\$10,000
2. Statutory within-grade increases.....				36,000
3. Annualization of 1967 new permanent positions.....				22,000
4. Annualization of 1967 new reimbursable detail positions (Howard University).....				23,000
Total, mandatory increases.....				91,000
B. Program:				
1. Restoration of man-years delayed in 1967 due to a downward adjustment in reimbursements from paying patients (8.8 man-years).....				58,000
2. Restoration of man-years deferred in 1967 in order to finance the increased cost of supplies and materials (4 man-years).....				23,000
3. To improve nursing service staffing (25 positions).....				
4. To improve dietary service staffing (14 positions).....	447	\$2,545,000	25	69,000
5. To provide required clinical laboratory staffing (1 position).....	76	444,000	14	40,000
6. To strengthen the business office and the purchasing function (8 positions).....	9	47,000	1	3,000
7. To provide necessary staffing for physical plant maintenance (3 positions).....	73	432,000	8	39,000
8. To strengthen instructional staffing in the training program (2 positions).....	60	295,000	3	10,000
9. To implement medical service salary increases (reimbursable details).....	27	254,000	2	12,000
10. To improve medical service staffing (reimbursable details).....		874,000		81,000
11. Restoration of intern and resident positions absorbed in 1967 to implement salary increases approved by Division of Personnel Management, Department of Health, Education, and Welfare (4 positions).....		874,000		108,000
12. To provide for additional intern and resident staffing (7 positions).....				34,000
13. To provide for 10 additional student X-ray technician positions.....		758,000		40,000
14. To provide for employee-benefit cost in connection with transfer to Howard University.....		15,000		15,000
15. To provide for insurance coverage in connection with transfer to Howard University.....				269,000
16. To provide for additional supply purchases based on 1966 usage experience.....				79,000
17. To provide for increased equipment purchases.....				80,000
Total program increases.....			53	1,000,000
DECREASES				
1. Terminal leave payment funded in 1967.....				-500,000
2. Reduction in repairs and alterations.....				-473,000
Total, decreases.....				-973,000
Total, net changes requested.....			+53	+118,000

EXPLANATION OF CHANGES

Pay in Excess.—The increase of \$10,000 is required to provide funds for pay in excess of the fifty-two (52) week base.

Within-Grade Increase.—The increase of \$36,000 is required to provide for statutory within-grade increases for GS employees.

Annualization of 1967 New Positions.—The increase of \$22,000 will enable the Hospital to provide funds for a full year for the new positions in the 1967 estimate.

Annualization of 1967 New Reimbursable Detail Positions.—The increase of \$23,000 is required to provide funds for a full year for the 1967 new reimbursable detail positions.

To Restore Deferred Man-Years.—The increase of \$81,000 will permit the Hospital to restore 8.8 man-years delayed in 1967 due to reduced reimbursements in the amount of \$58,000 and will also provide \$23,000 for the restoration of an additional 4.0 man-years deferred in 1967 in order to finance the increased cost of supplies and materials.

To Improve Hospital Staffing.—An increase of \$173,000 for 53 positions to improve staffing in the nursing, dietary, clinical laboratory, collection, procurement, housekeeping, and training areas.

Adjustment of Reimbursable Details Salary.—An increase of \$81,000 is required to adjust the salaries of professional and technical personnel on detail from Howard University.

To Improve Reimbursable Detail Staffing.—The increase of \$108,000 for 17 reimbursable detail positions to improve services in the medical services segment of the Hospital.

To Improve Student Enrollment.—The increase of \$89,000 will enable the Hospital to restore four intern and resident positions absorbed in 1967, and will, also, provide necessary funds for seventeen additional trainee positions.

Employee Benefit Cost.—An increase of \$269,000 is required to finance employee benefits upon transfer of the Hospital to Howard University.

Insurance Coverage.—The increase of \$79,000 is required to provide for insurance coverage upon transfer of the Hospital to Howard University.

Supply Purchases.—The increase of \$80,000 is required to finance the cost of additional supply purchases based on 1966 usage experience.

Equipment Purchases.—The increase of \$40,000 will permit the Hospital to purchase certain items of equipment that are in urgent need of replacement.

INTRODUCTION

Freedmen's Hospital is affiliated with Howard University as the teaching hospital for the University's medical school. The Hospital trains physicians, nurses, and other professional and technical personnel. In accordance with Public Law 87-262, enacted in 1961, the Department and Howard University concluded an agreement to transfer Freedmen's Hospital to the University. It is planned to effect this transfer by the end of Fiscal Year 1967.

The Hospital is financed by direct appropriation and income from patients. The Hospital proposes no change in patient loads for 1968. The following is a breakdown of the actual and estimated daily average patient loads, exclusive of newborns, for 1966, 1967, and 1968:

Inpatient services	Daily average patient load			Patient-days		
	1966	1967	1968	1966	1967	1968
General hospital:						
Full pay.....	182.0	182	182	66,445	66,430	66,612
Part pay.....	7.6	8	8	2,765	2,920	2,928
District of Columbia certified.....	46.2	46	46	16,868	16,790	16,836
State certified.....	1.2	1	1	444	365	366
District of Columbia free.....	32.8	33	33	11,955	12,045	12,078
Other free.....	4.1	4	4	1,510	1,460	1,464
Total.....	273.9	274	274	99,987	100,010	100,284
Tuberculosis hospital:						
Full pay (chronic chest).....	27.0	27	27	9,871	9,855	9,882
Part pay.....	1.5	2	2	535	730	732
District of Columbia certified.....	4.8	5	5	1,752	1,825	1,830
District of Columbia free.....	12.3	12	12	4,485	4,380	4,392
Other free.....	.7	1	1	273	365	366
Total.....	46.3	47	47	16,916	17,155	17,202
Full pay pavilion.....	37.1	40	40	13,524	14,600	14,640

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	Number of visits		
	1966	1967	1968
Outpatient services:			
Pay individuals.....	35,556	36,000	36,000
District of Columbia certified.....	18,353	20,000	20,000
Free District of Columbia and United States.....	50,885	49,000	49,000
Total.....	104,794	105,000	105,000

The table on the following page is a statement of the actual reimbursements from non-Federal sources for Fiscal Year 1966 and estimates for 1967 and 1968:

Analysis of reimbursements

	1966 actual	1967 estimate	1968 estimate
Pay patients.....	\$2,241,000	\$2,352,000	\$2,409,000
District of Columbia.....	773,000	723,000	723,000
Other jurisdictions.....	8,000	10,000	10,000
Total.....	3,022,000	3,085,000	3,142,000

Inpatient services, general hospital

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	619	\$4,290,000	662	\$4,522,000	+43	+\$232,000
Other expenses.....		1,183,000		1,100,000		-83,000
Subtotal.....	619	5,473,000	662	5,622,000	+43	+149,000
Deduct quarters and subsistence charges..		-6,000		-8,000		-2,000
Total.....	619	5,467,000	662	5,614,000	+43	+147,000

GENERAL STATEMENT

The purposes of this activity are to render safe medical care for the sick and to furnish opportunities for the training of medical, nursing, and other technical personnel in modern practices of professional care of the sick and injured. This activity consists of a hospital having 322 general beds and 50 bassinets. The estimated patient loads for 1967 and 1968 have been projected as follows:

	1966 actual	1967 estimate	1968 estimate	Change, increase (+) or decrease (-)
Patient days:				
Adults.....	99,987	100,010	100,284	+274
Newborn.....	14,791	14,965	15,006	+41
Daily average patient load:				
Adults.....	273.9	274	274	0
Newborn.....	40.5	41	41	0

Personnel Compensation and Benefits, \$230,000

The increase of \$230,000 for personnel compensation and benefits is composed of the following items:

	Personnel compensation	Personnel benefits	Total
1 day's pay in excess.....	\$6,000		\$6,000
Within-grade increases.....	21,000	\$3,000	24,000
Annualization of 1967 permanent positions.....	11,000	1,000	12,000
Annualization of 1967 reimbursable detail positions.....	19,000		19,000
Restoration of man-years delayed in 1967 due to an adjustment in reimbursements.....	53,000	5,000	58,000
Restoration of man-years deferred in 1967 to finance supplies and materials cost.....	21,000	2,000	23,000
Additional employment.....	76,000	7,000	83,000
Reimbursable details salary increase.....	72,000		72,000
Reimbursable details staffing.....	75,000		75,000
Employee benefit costs (Howard University).....	166,000		166,000
Elimination of terminal leave payment.....	-308,000		-308,000
Total.....	212,000	18,000	230,000

Pay in excess.—The increase of \$6,000 is required to provide funds for pay in excess of the fifty-two (52) week base.

Within-grade increase.—The increase of \$24,000 is required to provide for statutory within-grade increases for GS employees.

Annualization of 1967 permanent positions.—The sum of \$12,000 is required to annualize the new positions in the 1967 estimate.

Annualization of 1967 reimbursable details.—The increase of \$19,000 is required to provide funds for a full year for the 1967 new reimbursable detail positions.

Restoration of man-years delayed.—An increase of \$58,000 will enable the Hospital to restore 8.8 man-years deferred in 1967 due to a downward adjustment in reimbursements from non-Federal sources. Restoration of these deferred man-years, in the amount of \$58,000, will be partially offset by an increase of \$57,000 in reimbursements from paying patients.

Restoration of man-years deferred.—The sum of \$23,000 is required to restore 4.0 man-years deferred in 1967 in order to provide funds for increased supply purchases based on 1966 usage experience.

Additional employment.—An increase of \$83,000 and 30 positions is being requested in order to provide required services in the Nursing, Dietary, Clinical Laboratories, and Physical Plant Maintenance (Housekeeping) areas.

1. *Nursing Service.*—The rapid changes in medical practice have added immeasurably to the duties of our limited number of professional nurses. Training programs have been instituted to prepare our experienced nursing assistants for the assumption of higher level nursing functions formerly performed by the professional nurse. Sixteen additional nursing assistant positions are necessary to provide for the less responsible added functions of personal care to patients, transportation of patients, and cleaning duties related to patient care and service units.

2. *Dietary Department.*—The Dietary Department has found it increasingly difficult to provide required food service on a timely basis to patients on the twelve (12) wards in the General Hospital. Currently, two of the twelve wards have no regularly assigned food service workers and the present staff, available to cover the remaining wards, is inadequate in number to provide prompt and efficient service. Nine (9) food service worker positions are included to correct these deficiencies. An additional cook is needed to provide necessary cook coverage at all times. Also, a clerk stenographer is urgently needed to handle the increased clerical functions related to servicing patients and the increased clerical details in connection with the dietetic internship. The granting of these eleven (11) positions will permit this area to realistically schedule each employee for a five (5) day work week along with providing prompt and efficient food service to patients.

3. *Clinical Laboratories.*—A secretary-stenographer position is being requested in order to provide necessary clerical staffing in support of a screening program for newborns in the Pediatric Clinic. The program is necessary for the detection of certain inborn errors of metabolism. Many metabolic errors can be successfully treated with early diagnosis, but cause severe mental retardation if allowed to go

untreated. The American Academy of Pediatrics has recommended routine screening of all newborns.

4. *Physical Plant (Housekeeping).*—The annual maintenance and housekeeping requirements have accelerated during the past several years due to the age of the existing structure, the expansion of clinical programs, and the demands for improved housekeeping services. The granting of two (2) housekeeping positions will permit this area to adequately service the needs of the Hospital.

Reimbursable Details Salary Adjustment.—In order to attract and retain professional and certified technical personnel, it has become necessary to adjust salary levels to at least the minimum scale available in the area to this group of trained and experienced personnel. Professional personnel, such as Medical Officers, Pathologists, and Anesthetists are no longer available at rates currently being offered by Freedmen's Hospital. To meet this crisis and to retain the existing personnel staffing, upgrading to minimum prevailing rates as contained in this request can no longer be deferred without curtailing services. Training programs at Freedmen's have produced many technicians who, after a year of experience, immediately leave to take advantage of higher salaries being offered at other areas and Government Institutions. Certified technicians are usually graduate students with experience, and possess diversified technical talents that are beneficial in several technician categories. Upgrading of these positions to meet minimum prevailing rates would enable the Hospital to retain the services of this group of essential personnel. Therefore, an increase of \$72,000 is being requested to adjust the salaries of professional and technical personnel.

Reimbursable Details.—In order to keep pace with the expansion of medical needs occasioned by new clinical programs, the demands of accreditation boards, and the increases in patient load turnover, the Hospital is requesting 13 positions; a radiological aid, (2) medical technologist, (2) nurse anesthetist, an anesthesia aid, (4) inhalation therapist, a visual aid technician, a cardiologist, and a radioisotope technologist; in the amount of \$75,000 to fully meet these medical service demands.

Employee Benefit Costs.—An increase of \$166,000 is being requested to provide for employee benefits, such as contributions to the Teacher's Insurance Annuity Association, social security and unemployment compensation taxes, etc. Payments for the benefits will be made to Howard University upon transfer of the Hospital to the University.

Elimination of Terminal Leave Funded in 1967.—The sum of \$308,000 is being deducted to reflect the payment of terminal leave to Federal employees upon transfer of the Hospital to Howard University in 1967.

Other Services.—\$175,000.—The request of \$188,000, a decrease of \$175,000 as compared to 1967, will provide necessary funds for repairs, and alterations to buildings and equipment which cannot be performed by station personnel.

Supplies and Materials, \$80,000.—The following is the detail of the increase of \$80,000 being requested for supplies and materials under this activity:

	1967 estimate	1968 estimate	Increase or decrease
1. Subsistence.....	\$133,256	\$134,251	+\$995
2. Medical and surgical.....	35,085	422,085	+72,000
3. All other.....	60,271	67,271	+7,000
Total.....	543,612	623,607	+79,995
Rounded.....	544,000	624,000	+80,000

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1. *Subsistence.*—The following is an analysis of subsistence requirements for Fiscal Year 1968:

	1966	1967	1968
Purchased food.....	\$148,440	\$133,256	\$134,251
Food issues:			
Patients.....	103,272	104,010	104,295
Employees.....	22,553	29,246	29,956
Total.....	125,825	133,256	134,251
Number of rations:			
Patients.....	99,200	100,010	100,284
Employees.....	21,664	28,121	28,804
Total.....	120,864	128,131	129,088
Average ration cost.....	\$1.041	\$1.04	\$1.04

Subsistence.—The increase of \$1,000 (rounded) is occasioned by the increase in rations served to patients and employees during 1968.

2. *Medical and surgical.*—In Fiscal Year 1966 the actual cost per patient for this type of supply was \$1,520.31. The estimate for 1968 has been based on this usage experience with the exception of a \$4,000 increase needed to finance the cost of supplies and materials of the newborn screening program. The remaining \$68,000 increase was financed in 1967 by undelivered orders above the level of the previous year as reflected in the following table:

	1967	1968	Increase or decrease
Obligations for medical and surgical supplies.....	\$350,085	\$422,085	+\$72,000
Excess undelivered orders in 1967 over 1966.....	+68,000	-----	-68,000
Total available.....	418,085	422,085	+4,000

3. *All other Supplies.*—Included in this category of supply are such items as soap powders, electric bulbs, cleaning compounds, etc. The usage rate in 1966 was \$244.62 per patient year. The increase of \$7,000 for this category of supply was financed in 1967 by undelivered orders above the 1966 level.

Equipment, \$12,000.—The request of \$221,000, an increase of \$12,000 as compared to 1967, will permit the Hospital to purchase certain items of equipment that are in urgent need of replacement. As in the case of the other activities, equipment purchases are being held to a minimum and represent only those replacement items which cannot be deferred without curtailing patient services.

Inpatient services, tuberculosis hospital

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	77	\$511,000	81	\$513,000	+4	+\$2,000
Other expenses.....		156,000		126,000	-----	-30,000
Subtotal.....	77	667,000	81	639,000	+4	-28,000
Deduct quarters and subsistence charges.....		-2,000		-2,000	-----	-----
Total.....	77	665,000	81	637,000	+4	-28,000

GENERAL STATEMENT

Funds under this activity provide for the maintenance and operation of 67 beds for chronic chest diseases. The estimated patient loads for 1967 and 1968 are:

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	1966 actual	1967 estimate	1968 estimate	Change (+) or (-)
Patient-days	16,916	17,155	17,202	+47
Daily average patient load	46.3	47	47	0

Personnel Compensation and Benefits, \$2,000

The increase of \$2,000 in personnel compensation and benefits is composed of the following items:

	Personnel compensation	Personnel benefits	Total
1 day's pay in excess	\$1,000	-----	\$1,000
Within-grade increases	2,000	-----	2,000
Annualization of 1967 permanent positions	4,000	-----	4,000
Additional employment	8,000	\$1,000	9,000
Increase	1,000	-----	1,000
Reimbursable details staffing	4,000	-----	4,000
Employee benefit costs	21,000	-----	21,000
Elimination of terminal leave payment	-40,000	-----	-40,000
Total	1,000	1,000	2,000

Pay in Excess.—The increase of \$1,000 is required to provide funds for pay in excess of the 52 week base.

Within-Grade Increases.—The increase of \$2,000 is necessary to provide for statutory within-grade increases for GS employees.

Annualization of 1967 Permanent Positions.—The sum of \$4,000 is required to annualize positions in the 1967 estimate.

Additional Employment.—An increase of \$9,000 and 3 positions is being requested in order to provide required staffing in the following areas:

1. *Nursing Service.*—The Tuberculosis Hospital segment of the Nursing Department is in need of two (2) nursing assistant positions to accomplish the increased services placed upon nursing personnel in this area. The granting of these two positions will assure more timely and efficient patient care.

2. *Dietary Department.*—This segment of the Dietary Department is in need of an additional food service worker to adequately provide meals on a timely basis to patients with chronic chest diseases. Meals have been served late many times due to lack of adequate staffing necessary to perform this vital function. It is, therefore, requested that this position be granted so that the Hospital may serve its patients more efficiently.

Reimbursable Details Salary Adjustment.—This request, in the amount of \$1,000, is required to adjust salary levels to minimum prevailing rates in this area.

Reimbursable Details Staffing.—The chronic chest segment of the X-ray Department is in need of a radiological aid to prepare and escort patients to and from X-ray examining centers. There is currently no personnel in the department assigned to perform this needed function. Therefore, the granting of this position and \$4,000 will enable this service center to better serve its patients.

Employees Benefit Costs.—The increase of \$21,000 is being requested to provide for social security taxes and unemployment compensation taxes. The cost of these benefits will be paid to Howard University.

Elimination of Terminal Leave Payment.—The decrease of \$40,000 is occasioned by the payment of terminal leave to Federal employees upon transfer of the Hospital to Howard University in 1967.

Other Services, —\$25,000.

The decrease of \$25,000 provided funds for repairs to building and equipment in 1967.

Supplies and Materials.—The \$84,000 being requested for the purchase of supplies and materials is to be distributed in the following categories:

	1967 estimate	1968 estimate	Increase or decrease
1. Subsistence.....	\$18,777	\$18,826	+\$49
2. Medical and surgical.....	49,057	49,057	-----
3. All other.....	15,968	15,968	-----
Total.....	83,802	83,851	+49
Rounded.....	84,000	84,000	-----

1. *Subsistence.*—The following is an analysis of subsistence requirements for fiscal year 1968:

	1966	1967	1968
Purchased food.....	\$21,614	\$18,777	\$18,826
Food issues:			
Patients.....	17,363	17,841	17,890
Employees.....	959	936	936
Total.....	18,322	13,777	18,826
Number of rations:			
Patients.....	16,637	17,155	17,202
Employees.....	919	900	900
Total.....	17,556	13,055	18,102
Average ration cost.....	\$1.043	\$1.04	\$1.04

2. *Medical and surgical.*—In fiscal year 1966 the actual usage experience for this category of supplies was \$1,043.76 per patient year. Estimates for 1968 have been projected on the 1966 consumption experience.

3. *All other supplies.*—The actual usage experience of \$339.74 per patient year was used in projecting the estimates for 1967 and 1968.

Equipment, —\$5,000

The sum of \$14,000, a decrease of \$5,000 from 1967, is being requested in order to purchase urgently needed equipment in this activity. This amount will enable the hospital to replace un-serviceable items of equipment which can no longer be deferred.

Inpatient services, full pay pavilion

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	79	\$467,000	86	\$479,000	+7	+\$12,000
Other expenses.....		150,000		167,000		+17,000
Total.....	79	167,000	86	646,000	+7	+29,000

GENERAL STATEMENT

Funds under this activity provide for the maintenance and operation of a 50-bed unit in the Annex Building. The estimated patient loads for 1967 and 1968 are:

	1966 actual	1967 estimate	1968 estimate	Change (+) or (—)
Patient-days.....	13,524	14,600	14,640	+40
Daily average census.....	37.1	40	40	-----

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Personnel Compensation and Benefits, \$12,000

The increase of \$12,000 in personnel compensation and benefits is to provide for the following items:

	Personnel compensation	Personnel benefits	Total
1 day's pay in excess	\$1,000	-----	\$1,000
Within-grade increases	3,000	-----	3,000
Annualization of 1967 reimbursable detail position	4,000	-----	4,000
Additional employment	19,000	\$2,000	21,000
Reimbursable details salary adjustment	1,000	-----	1,000
Employee benefit costs	20,000	-----	20,000
Elimination of terminal leave	-38,000	-----	-38,000
Total	10,000	2,000	12,000

One day's pay in excess.—The increase of \$1,000 is required to provide funds for pay in excess of the 52 week base.

Within-grade Increase.—The increase of \$3,000 is to provide for statutory within-grade increases for GS employees.

Annualization of 1967 Reimbursable Detail Position.—The sum of \$4,000 is required to annualize the position in the 1967 estimate.

Additional Employment.—An increase of \$21,000 and 7 positions is required to provide required staffing in the following areas:

1. *Nursing Service.*—In 1966 a program was initiated to improve the quality of nursing service rendered. During this time it became apparent that the over-all nursing staffing was in need of additional nursing assistant positions in order to render quality patient care. Therefore, request is being made for five additional nursing assistant positions.

2. *Dietary Department.*—The Dietary Department is in need of a clerk to perform storeroom duties in connection with the issue and receipt of supplies, preparing the ration cost report, maintaining a perpetual inventory of supplies, and other clerical duties. Also, an additional food service worker is needed to transport meals from the kitchen to the patient area and to perform certain cleaning functions not now being accomplished on a timely basis. Request is, therefore, made for these two positions which will permit this department to accomplish the required clerical functions and aid in sanitation and patient care.

Reimbursable Details Salary Adjustment.—This request in the amount of \$1,000 is needed to adjust salary levels of professional and technical personnel on detail from Howard University to minimum prevailing rates comparable to other hospitals in this metropolitan area.

Employee Benefit Costs.—The increase of \$20,000 is necessary to provide for social security and unemployment compensation taxes.

Elimination of Terminal Leave.—The sum of \$38,000 in terminal leave payment is being deducted to reflect funding of this item in 1967.

Supplies and Materials.—The following is the detail of the \$77,000 being requested for supplies and materials under this activity:

	1967 estimate	1968 estimate	Increase or decrease
1. Subsistence	\$15,943	\$15,986	+\$43
2. Medical and surgical	48,801	48,801	-----
3. All other	11,528	11,528	-----
Total	76,272	76,315	+\$43
Rounded	77,000	77,000	-----

1. *Subsistence*.—The following is an analysis of subsistence requirements for Fiscal Year 1968:

	1966	1967	1968
Purchased food.....	\$16,757	\$15,943	\$15,986
Food issues:			
Patients.....	13,858	15,622	15,665
Employees.....	349	321	321
Total.....	14,207	15,943	15,986
Number of rations:			
Patients.....	12,950	14,600	14,640
Employees.....	326	300	300
Total.....	13,276	14,900	14,940
Average ration cost.....	\$1.07	\$1.07	\$1.07

2. *Medical and Surgical*.—The estimates for 1967 and 1968 have been projected on the actual usage experience of \$1,220.03 per patient year for this category of supply.

3. *All Other Supplies*.—The actual usage experience in 1966 for all other supplies was \$288.22 per patient year. This unit cost was used in developing estimates for 1967 and 1968.

Other Services, \$12,000

The increase of \$12,000 is requested to provide for repairs to building and equipment which cannot be performed by station personnel. This request includes only those items in urgent need of repair.

Equipment, \$5,000

The sum of \$40,000, an increase of \$5,000 compared with 1967 needs, for the purchase of equipment will provide funds for essentially needed replacement items of equipment.

Outpatient services

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	82	\$579,000	88	\$614,000	+6	+\$35,000
Other expenses.....		419,000		175,000		—244,000
Total.....	82	998,000	88	789,000	+6	—209,000

Personnel Compensation and Benefits, \$35,000

The increase of \$35,000 for personnel compensation and benefits is composed of the following items:

	Personnel compensation	Personnel benefits	Total
1 day's pay in excess.....	\$1,000		\$1,000
Within-grade increases.....	3,000		3,000
Annualization of 1967 new positions.....	6,000		6,000
Additional employment.....	8,000	\$1,000	9,000
Reimbursable details salary adjustment.....	6,000		6,000
Reimbursable detail staffing.....	29,000		29,000
Employee benefit costs.....	23,000		23,000
Elimination of terminal leave payment.....	—42,000		—42,000
Total.....	34,000	1,000	35,000

Pay in Excess.—The increase of \$1,000 is required to provide funds for pay in excess of the 52 week base.

Within-grade Increases.—An additional \$3,000 is required in order to provide for statutory within-grade increases for GS employees.

Annualization of 1967 Permanent Positions.—The increase of \$6,000 is required to annualize the new positions in the 1967 estimate.

Additional Employment.—An increase of \$9,000 and 3 positions is being requested to provide required services in the nursing and dietary area:

1. *Nursing Service.*—There is currently no nursing assistant in the Eye, ENT, or Neuro-psychiatric Clinics to perform duties that are not required of professional graduate nurses. The need for a nursing assistant trained in mental illness treatment would be of paramount importance to the staff nurses in this area. The activity of the Eye Clinic warrants consistent nursing service which could be performed by a nursing assistant. Therefore, the granting of two nursing assistants would greatly improve services in these areas.

2. *Physical Plant (Housekeeping).*—The cleaning and maintenance requirements have accelerated during the past several years due to the age and condition of the existing structure, the expansion of clinical programs, the demands for improved housekeeping services, and an increase in patient visits. Therefore, request for one housekeeping position is being made to permit this service area to be properly serviced by the housekeeping staff.

Reimbursable Details Salary Adjustment.—An increase of \$6,000 is required to adjust salary levels of professional and technical personnel to minimum prevailing rates comparable to other hospitals in this area.

Reimbursable Details Staffing.—An increase of \$29,000 and 3 positions is required to fulfill the medical service needs for two Medical Officers and a Podiatrist.

Employee Benefit Costs.—The increase of \$23,000 is being requested to provide funds for the payment of employee benefits not now borne by the Hospital upon transfer of the Hospital to Howard University.

Elimination of Terminal Leave Payment.—The Decrease of \$42,000 is being deducted to reflect the payment of terminal leave funded in 1967.

Supplies and Materials

In 1966 the actual usage experience for supplies and materials was as follows:

Medical and surgical supplies..... \$1. 094 per patient visit.

All other supplies..... 0. 081 per patient visit.

Estimates for 1968 have been developed on the above-stated usage experience.

	1967 estimate	1968 estimate	Increase or decrease
Medical and surgical.....	\$114, 870	\$114, 870	.....
All other.....	8, 505	8, 505	.....
Total.....	123, 375	123, 375	.....
Rounded.....	123, 000	123, 300	.....

Other Services, —\$262,000

The decrease of \$262,000 is being deducted to reflect non-recurring repairs and alterations funded in 1967.

Equipment, \$18,000

The sum of \$37,000, an increase of \$18,000 from 1967, will permit the Hospital to purchase certain replacement items of equipment which are necessary for the daily operation of the clinics and emergency room.

Training program

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	279	\$1,267,000	302	\$1,358,000	+23	+\$91,000
Other expenses.....		70,000		49,000		-21,000
Subtotal.....	279	1,337,000	302	1,407,000	+23	+70,000
Deduct quarters and subsistence charges..		-104,000		-104,000		
Total.....	279	1,233,000	302	1,303,000	+23	+70,000

GENERAL STATEMENT

The training program at Freedmen's Hospital is conducted in cooperation with the Howard University School of Medicine. It consists of training programs for medical and dental interns and residents, student nurses, dietetic interns, pharmaceutical interns, x-ray technicians, nurse anesthetists, etc.

Personnel Compensation and Benefits, \$70,000

Personnel under this activity are classified in two categories, namely, regular permanent employees and trainees. Permanent employees consist of persons directly engaged in the training, administration, and welfare of student employees.

The following is a summary of the increase of \$70,000:

Within-grade increases.....	\$1,000
Additional employment.....	12,000
Restoration of resident positions.....	34,000
Additional intern and resident positions.....	40,000
Additional student x-ray technician employment.....	15,000
Employee benefit costs.....	13,000
Elimination of terminal leave payment.....	-24,000

Total 91,000

Within-grade Increases.—The sum of \$1,000 is required to provide for mandatory within-grade increases for GS employees.

Additional Employment.—An increase of \$12,000 and two positions is necessary to provide for an instructor for the School of X-ray Technology and an audio-visual aids planner for the resident and house staff teaching program. The Division of Radiology is presently drawing on various personnel within the Division to fulfill the instructor functions, but there is a great need for centralizing this responsibility into one individual.

The Association of Medical Directors of Education has stressed the importance of continuing education of the house staff by the forward scheduling of a positive creative audio visual planner in order to proceed in a more effective manner.

Restoration of Intern and Resident Positions.—In order to implement mandatory stipends for student trainees in 1967, it was necessary to lapse four House Officer positions. In view of the present need of this category of trainee, it is requested that four positions and \$34,000 be granted to more fully service the Hospital's patient load.

Additional Intern and Resident Position.—An increase of \$40,000 and seven positions is being requested in keeping with the Hospital's planned objective of requiring greater intern experience in outpatient activities. With the present complement of interns, and the case workload per intern increasing, no outpatient experience is possible. By increasing the complement, the educational program for the interns would be more rewarding in that their scheduling could be extended to all areas of service. The program of the Council on Medical Education recommended and approved additional intern positions so that the Hospital would be in a position to involve interns to a greater extent in the care of outpatients.

Additional Student X-ray Technician.—An increase of \$15,000 and ten (10) positions is being requested in keeping within the schedule of the training program for X-ray technicians. Personnel and facilities are available for the training of five additional first year students and five additional second year students.

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Under the supervision of a staff technician, X-ray services will be greatly enhanced by the assistance of these students.

Employee Benefit Costs.—The sum of \$13,000 is required to provide funds for additional employee benefit cost upon transfer of the Hospital to Howard University.

Elimination of Terminal Leave.—The decrease of \$12,000 is due to non-recurring terminal leave payments which were funded in 1967.

Other Services, —\$23,000

The decrease of \$23,000 is due to non-recurring repairs to roofs and floors of intern's and nurses' home funded for in 1967.

Equipment, \$2,000

The sum of \$14,000, an increase of \$2,000 compared to 1967, will enable the Hospital to purchase equipment needed in the training of students.

Administration

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	83	\$608,000	91	\$630,000	+8	+\$22,000
Other expenses.....		136,000		223,000		+87,000
Total.....	83	744,000	91	853,000	+8	+109,000

GENERAL STATEMENT

Funds under this activity provide for personnel of an administrative nature, i.e., budget, personnel, communications, etc., and other overhead costs related to the operation of these activities. The entire cost of such items as official travel, transportation, communications, printing and reproduction, and stationery supplies have been included under this activity because of the difficulty in distributing these costs by projects.

Personnel Compensation and Benefits, \$22,000

The increase of \$22,000 for personnel compensation is composed of the following items:

1 day's pay in excess.....	\$1,000
Within-grade increase.....	3,000
Additional employment.....	39,000
Reimbursable detail salary adjustment.....	1,000
Employee benefit costs.....	26,000
Elimination of terminal leave payment.....	—48,000
Total	22,000

One Day's Pay in Excess.—The increase of \$1,000 is required to provide funds for pay in excess of the 52 week base.

Within-grade Increase.—An increase of \$3,000 is required to provide for statutory within-grade increases for GS employees in this activity.

Additional Employment.—The increase of \$39,000 and 8 positions is occasioned by the continuing need to strengthen collection and billing procedures and the implementation of an ADP accounting system in the Business Office along with additional clerical help in the Procurement Office to fill the following needs:

1. Two clerk-cashier, GS-4, are needed in the Outpatient Services to relieve the present burden of under staffing borne by the one collection center in this area. The current staffing consisting of 5 clerk-cashier are required to cover this service twenty-four hours a day, seven days per week. The granting of these positions would also made it possible to provide follow-up bills to individuals in addition to the preparation and submission of bills to third party payers for services rendered to emergency and clinic patients.

2. The increase of five positions; a GS-13 system analyst, two GS-11 programmers, a GS-9 programmer, and a GS-5 secretary; is required to provide funds for the installation of data processing equipment and revising the Hos-

pital's accounting system to meet the University's objectives of modernizing business operations and procedures.

3. The increase of one clerk position, GS-3, is being requested to provide the Procurement Office with adequate clerical coverage for filing, cataloguing, and routine office duties in order to permit the present staff to devote full time to the purchasing of goods and services.

Reimbursable Detail Salary Adjustment.—An increase of \$1,000 is required to adjust salary levels of professional and technical personnel to minimum prevailing rates comparable to other hospitals in this area.

Employee Benefit Costs.—The increase of \$26,000 is being requested to provide funds for the payment of employee benefits not now borne by the Hospital upon transfer of the Hospital to Howard University.

Elimination of Terminal Leave Payment.—The decrease of \$48,000 is being deducted to reflect the payment of terminal leave funded in 1967.

Other Services, \$79,000

The increase of \$79,000 is required to provide for insurance coverage such as fire, public liability, fidelity bonds, elevator, and malpractice upon transfer of the Hospital to Howard University.

Equipment, \$8,000

The increase of \$8,000 is needed to purchase new and replacement items of office equipment.

New positions requested, fiscal year 1968

	Grade	Number	Annual salary
General hospital:			
Nursing service: Nursing assistants.....	GS-3	16	\$68,304
Dietary department:			
Clerk stenographer.....	GS-4	1	4,776
Cook.....	WF-8	1	5,616
Food service workers.....	WF-4	9	37,440
Laboratory: Secretary stenographer.....	GS-5	1	5,331
Physical plant (housekeeping): Housekeepers.....	WC-3	2	9,028
Total.....		30	130,495
Tuberculosis hospital:			
Nursing service: Nursing assistants.....	GS-3	2	8,538
Dietary department: Food service worker.....	WF-4	1	4,160
Total.....		3	12,698
Full pay pavilion:			
Nursing service: Nursing assistants.....	GS-3	5	21,345
Dietary department:			
Clerk.....	GS-3	1	4,269
Food service worker.....	WF-3	1	4,160
Total.....		7	29,774
Outpatient services:			
Nursing service: Nursing assistants.....	GS-3	2	8,538
Physical plant (housekeeping): Housekeeper.....	WC-3	1	4,514
		3	13,052
Training program:			
Audiovisual aids planner.....	GS-12	1	10,927
Instructor, school of X-ray technology.....	GS-7	1	6,451
		2	17,378
Administration:			
Business office:			
System analyst.....	GS-13	1	12,873
Programers.....	GS-11	2	18,442
Programer.....	GS-9	1	7,696
Secretary-typist.....	GS-5	1	5,331
Collection office: Clerk-cashiers.....	GS-4	2	9,552
Procurement and supply: Clerk.....	GS-3	1	4,269
Total.....		8	58,163
Total new positions, all activities.....		58	261,560

STATEMENT OF CHARLES E. BURBRIDGE, SUPERINTENDENT

Senator HILL. Dr. Burbridge.

Dr. BURBRIDGE. Mr. Chairman and members of the committee, Freedmen's Hospital began its operation in 1865 as one of the original installations of the Bureau for the relief of freedmen and refugees.

During its long history it has been providing care to residents of the District and the Washington metropolitan area under the successive supervision of the War Department, the Department of the Interior, the District of Columbia government, the Federal Security Agency, and now the Department of Health, Education, and Welfare.

BEDS AND BASSINETS

The hospital now operates 439 beds and 50 bassinets and provides care for a total average daily census of 361 inpatients plus 41 newborn children.

OUTPATIENT CLINICS

In addition the outpatient clinics and the emergency service together furnish 105,000 outpatient visits a year. This active medical care complex, an important part of the health resources of the Metropolitan Washington area, is financed from a combination of sources of which the major segment is the Federal appropriation request now before this committee.

INDIGENT PATIENT CARE

Substantial additional funds are received by reimbursement for services to pay patients and for the care of indigent patients of the District of Columbia and other nearby jurisdictions.

INCORPORATION OF HOSPITAL INTO HOWARD UNIVERSITY

The estimates for 1968 for the first time request support for the Freedmen's Hospital as part of Howard University rather than as a strictly Federal institution. The current separate nature of the two institutions does not permit the most effective utilization of the capabilities of both areas in terms of a coordinated health services and medical education effort.

However, with the incorporation of the hospital into the structure of the university we are proceeding, you might say, from liaison to coordination and we can expect to move more efficiently toward our goal of providing quality patient care, contributing in a substantial manner to the body of health knowledge by our research, and utilizing the resources of the university and the hospital jointly for the training of urgently needed health personnel.

BUILDING CONSTRUCTION

In another section of the estimates for Howard University there is a request for construction funds for a new building for which plans are even now being developed. When this facility is completed we will

have the wherewithal to furnish the kind of care our patients are entitled to expect.

Senator HILL. Not only care the patients are entitled to expect but to give training to the medical students and doctors; is that right?

Dr. BURNBRIDGE. That is right, sir.

CURRENT NEEDS

But, as we have noted, the new hospital building is still in the planning stage. The full realization of these plans cannot be expected for several years and in the meantime we must provide as best we can for the care of the patients who place themselves in our hands and, as you say, for the teaching programs also.

To this end, we have carefully examined the needs of the hospital with these principles in mind; first to request what is absolutely needed for the safe care of our patients; and second, to request such other items as are required as a part of the accepted standards of modern hospital care.

BUDGET REQUEST INCREASES

With these principles in mind we are asking for the items of increase summarized below. These requests are explained in greater detail in the formal justifications which have already been submitted to you.

RESTORATION OF MAN-YEARS

In 1967 two factors of expense led to the planned lapse of approved positions. First a downward adjustment because reimbursements did not reach the level estimated in the budget, and second the need to provide a higher level of supplies in that year. The sum of \$81,000 is needed to restore 13 man-years of staff time lost through these factors.

ADDITIONAL STAFF

A review of staffing shows deficiencies in direct patient care personnel that require added staff. To correct those and also to provide needed competence in administrative areas \$161,000 is requested for 51 positions. Of these, 25 are for nursing, 14 for food service, three for maintenance, one in the laboratory, and eight in the business office and purchasing department.

MEDICAL SERVICE SALARY AND STAFF INCREASES

Much of the need of the hospital for professional and technical health personnel is supplied by reimbursable details for Howard University. To cover new clinical needs 17 additional staff details are requested at a cost of \$108,000 while another \$81,000 is needed to increase the salaries of the entire group to match prevailing rates.

TRAINING PROGRAM

A total of \$101,000 is requested to increase and strengthen the training programs of the hospital. This request will finance 21 more intern, resident, and other traineeships and provide two more instructional personnel.

EMPLOYEE BENEFIT AND INSURANCE COSTS

The sum of \$269,000 is required to cover the cost of financing employee benefit costs in accordance with the terms of the act authorizing the transfer of Freedmen's Hospital to the university while \$79,000 is required as the cost of insurance for risks which the Government normally underwrites for itself but which in the new situation must be covered by insurance.

SUPPLY AND EQUIPMENT INCREASES

Increases totaling \$120,000 are requested to provide by purchase supplies which were obtained from inventory in 1967 and to raise the level of purchase of equipment.

MANDATORY INCREASES

The sum of \$91,000 is needed to provide for statutory salary increases, annualization of positions including reimbursable details, and for the extra day's pay in 1968.

OFFSETTING DECREASES

The total mandatory and program increase of \$1,091,000 is reduced by \$973,000 because \$500,000 in terminal leave payments incident to the transfer and \$473,000 for repairs and alterations needed in 1967 will not recur in 1968. This leaves a net increase of \$118,000 for 1968.

The total amount required for 1968 is \$9,842,000, \$6,700,000 in direct appropriation and \$3,142,000 in reimbursements from non-Federal sources.

In the last hearing before the committee prior to entering the private sector of medical services, I am moved to express sincere appreciation on behalf of the hospital staff for the interest and understanding accorded Freedmen's Hospital over the years. We will be happy to answer any questions you may have, Mr. Chairman.

BUDGET BUREAU REDUCTION

Senator HILL. The Department cut you down \$89,000 from your request?

Dr. BURBRIDGE. Yes, sir.

Senator HILL. What about the Budget Bureau?

Dr. BURBRIDGE. They made an additional cut of \$181,000, a total of \$270,000.

Senator HILL. What would be the effect of this reduction?

EQUIPMENT PURCHASES DEFERRAL

Dr. BURBRIDGE. Well, this will mean deferring of equipment purchases that we had hoped to be able to obtain in 1968 fiscal year, and completion of other projects we think essential. Primarily, this is an equipment item.

Senator HILL. That is equipment of what kind?

Dr. BURBRIDGE. X-ray and laboratory.

Senator HILL. Is this to replace old equipment?

Dr. BURBRIDGE. Old equipment that needs replacement. For the most part it is replacement. We have a backlog, approximately \$900,000 of equipment that needs to be replaced in this institution.

Senator HILL. What would be the average age of that equipment, do you recall?

Dr. BURBRIDGE. Well, the average, Mr. Chairman, would possibly be around from 10 to 15 years. I don't have that figure exactly. But we have some that go back much farther.

Senator HILL. Yes. Of course, we know there has been a great increase in the production of equipment from the scientific standpoint, efficiency and all?

Dr. BURBRIDGE. That is right. There are so many new items of equipment that add to efficiency in operation laboratories.

Senator HILL. Which were never dreamed of in the old days, is that right?

Dr. BURBRIDGE. Yes, sir.

Mr. NABRIT. May I say something, Mr. Chairman.

Senator HILL. Yes, go ahead, Doctor.

EFFECT OF BUILDING DELAY ON EQUIPMENT PURCHASES

Mr. NABRIT. This gives us concern because the hospital is going to be transferred to us by July 1 by our agreement, and the delays, which are not attributable to any one factor, this is a big project and it has been difficult to work out, have delayed us in our plans, the specifications which, of course, will delay our construction, so we were planning to take this hospital 2 months after construction began.

That was the latest period. But we are now taking it before the plans and specifications are made, which means it is going to be operated for 4 or 5 years before this hospital is built.

Therefore, it is important we have as much new equipment as possible so as not to lose the support of the community who think this hospital is going down under us, when the hospital is already an obsolete institution.

So, if any of this equipment is usable after a 5-year period it would be usable in a new hospital. If it is not, then it would have served its purpose. I am just saying this because I think the committee might want to know that this gives us a problem other than just a normal problem of replacement of equipment.

Senator HILL. I can understand that. You don't want something under you that is too obsolete?

HOSPITAL CONSTRUCTION AND EQUIPMENT IN WASHINGTON, D.C.

Mr. NABRIT. That is right. That is especially in a city with a lot of new hospitals.

Senator HILL. That is right. Most of the hospitals in this city are comparatively new.

Mr. NABRIT. That is right.

Senator HILL. The new Georgetown and Doctor's Hospital are not too old.

Mr. NABRIT. Yes, and the Washington Hospital Center.

Senator HILL. Suburban Hospital and City Hospital—those hospitals have all been built recently, since World War II, isn't that right?

Mr. NABRIT. And a lot of them more recently.

Senator HILL. More recently.

Dr. BURBRIDGE. Cafritz is more recent.

Senator HILL. Yes, just some 2 or 3 years ago.

Mr. NABRIT. Occupied last year, 1966.

Senator HILL. In other words, it is what we call brandnew?

Mr. NABRIT. Yes.

Senator HILL. Which means it has the latest equipment, is that right?

Mr. NABRIT. Yes, sir; it has.

OVERSTATEMENT OF ANTICIPATED INCOME

Senator HILL. Now, last year we discussed a little matter of reimbursements and the budget in this fiscal year 1967 contemplated \$3,432,000 of reimbursements. In the supplemental bill for 1967, additional funds were provided because of an overstatement by the Budget Bureau of these reimbursements and to provide for acquisition of medical supplies inasmuch as the Budget Bureau failed to allow sufficient amounts.

Dr. BURBRIDGE. The additional amount was for equipment and certain work projects and improved facilities.

Senator HILL. To bring them more up to date?

Dr. BURBRIDGE. Yes, sir.

Mr. KELLY. As a result of the sessions with the committee last year it is true, Mr. Chairman, we did make a study of the extent to which we had realized the anticipated income of the hospital each year.

We found that we had been unable to carry out our budget plan because we didn't realize as much income as was predicted and, therefore, items like the budget plan for equipment purchases had to go by the boards and as a result of this study we did modify the estimates both with respect to 1967 and 1968 to a more realistic level so we would not have to eat into the needed equipment budgets because of this overstatement.

CURRENT INCOME

Senator HILL. How much have you collected up to date as reimbursements?

Dr. BURBRIDGE. Well, the target for this year is accomplished as far as we are concerned, we are right on target, I should say, and which, of course, is a validation of the estimate that was submitted by the Department in the hospital. That is for this fiscal year.

Senator HILL. For this year?

Dr. BURBRIDGE. Yes, sir.

SALARIES AND EXPENSES

Senator HILL. Doctor Nabrit, I notice the Budget Bureau had you down some \$769,000, did they not, for salaries and expenses?

Mr. NABRIT. Yes, sir.

Senator HILL. What will be the effect of that?

TEACHER REDUCTION

Mr. NABRIT. Part of this I would think probably was wise and it would not injure us. I must say, however, that this cut in the teaching

positions is going to hurt our educational quality. We have estimated from 300 to 350 increase in enrollment each year.

This year we have an actual 500 increase in enrollments, in this present year.

Senator HILL. That is in the present academic year?

Mr. NABRIT. Yes. And we will have similar increases next year. So we have not only an increase above what we estimated for this year but will have a similar one next year. With this reduced number of teachers, we will just have more pupils. All I can say is if this happens it would just reduce the quality of education, that is all.

Senator HILL. How many teachers does this budget reduce you from what you requested?

Mr. NABRIT. Twenty-four teaching positions and seven supporting personnel positions were cut out of the budget. This is supported by the Department. This was cut by the Budget Bureau.

Senator HILL. You ought to have more people next year?

Mr. NABRIT. We either have to do that or cut back on our other needs.

CONSTRUCTION

Senator HILL. What about your construction, they cut you \$1,615,000 on construction?

Mr. NABRIT. On this we had an agreement, the Department and the university and the Budget Bureau. It was felt these specific items that were cut out would not do us any damage in that they would be part of the on-going program.

At the moment we are not too seriously hurt by postponing it. If it was a matter of doing it as a permanent thing it would be disastrous but it is not that.

Senator HILL. It wouldn't have as much impact on you as the teacher personnel would have; is that correct?

Mr. NABRIT. Yes, sir.

Senator HILL. As of now the important thing is the teachers?

Mr. NABRIT. That is right.

Senator HILL. Anything else you would like to add?

Mr. NABRIT. No, sir.

Senator HILL. Thank you very much. I appreciate your testimony very, very much.

SALARIES AND EXPENSES, OFFICE OF THE SECRETARY

STATEMENT OF WILBUR J. COHEN, UNDER SECRETARY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY JAMES F. KELLY, ASSISTANT SECRETARY-COMPTROLLER

APPROPRIATION ESTIMATE

"OFFICE OF THE SECRETARY

"SALARIES AND EXPENSES

"For expenses necessary for the Office of the Secretary, **[\$7,350,000]** including \$100,000 for the National Advisory Committee on Education of the Deaf, \$80,088,000 together with not to exceed **[\$1,249,000]** to be transferred from the Federal old-age and survivors insurance trust fund **\$1,211,000** to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from any

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one or all of the trust funds referred to therein; of which [\$2,782,000] \$4,655,000 and [\$603,000] \$799,000 respectively, shall be available to carry out the civil rights functions of the Department of Health, Education, and Welfare[: *Provided*, That the position now designated as Comptroller, level V, shall hereafter be designated as Assistant Secretary, Comptroller, level V]."

Amounts available for obligation

	1967	1968
Appropriation.....	\$7,350,000	\$8,088,000
Transfer from social security trust funds.....	1,249,000	1,211,000
Transfers from—		
Salaries and expenses, Office of Education.....	338,000	-----
Public Health Service.....	64,000	-----
Manpower development and training activities, Department of Labor.....	110,000	-----
Agency for International Development.....	64,000	-----
Transfer to—		
Salaries and expenses, Office of the Secretary of Interior.....	—78,000	-----
Salaries and expenses, Office of Administration.....	—1,824,000	-----
Trust funds.....	—239,000	-----
Salaries and expenses, Office of Comptroller.....	—678,000	-----
Trust funds.....	—58,000	-----
Proposed pay supplemental:		
Appropriation.....	163,000	-----
SSA trust funds.....	23,000	-----
Total.....	6,484,000	9,299,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
I. Executive direction and program co- ordination:						
Secretary and Under Secretary.....	29	\$461,300	34	\$562,070	+5	+\$100,770
Assistant Secretaries:						
Education.....	42	601,800	48	724,105	+6	+122,305
Health and scientific affairs.....	26	399,100	33	571,945	+7	+172,845
Individual and family serv- ices.....	13	208,600	21	373,140	+8	+164,540
Legislation.....	24	289,500	29	368,015	+5	+78,515
Program coordination.....	40	654,700	52	948,810	+12	+294,110
Total, activity I.....	174	2,615,000	217	3,548,085	+43	+933,085
II. Public information.....	19	285,000	21	316,915	+2	+31,915
III. Civil rights activities.....	278	3,434,000	409	5,434,000	+131	+2,000,000
IV. Manpower study.....	-----	150,000	-----	-----	-----	—150,000
Total obligations.....	471	6,484,000	647	9,299,000	+176	+2,815,000

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1035

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	471	647	+176
Full-time equivalent of all other positions.....	18	35	+17
Average number of all employees.....	441	603	+162
11 Personnel compensation:			
Permanent positions.....	\$4,679,620	\$6,386,845	+\$1,707,225
Positions other than permanent.....	193,500	384,500	+191,000
Other personnel compensation.....	107,100	107,100	-----
Total personnel compensation.....	4,980,220	6,878,445	+1,898,225
12 Personnel benefits.....	381,080	525,555	+144,475
21 Travel and transportation of persons.....	505,660	718,960	+213,300
22 Transportation of things.....	17,800	36,300	+18,500
23 Rent, communications, and utilities.....	127,300	341,600	+214,300
24 Printing and reproduction.....	63,300	108,200	+44,900
25 Other services.....	267,200	419,800	+152,600
26 Supplies and materials.....	60,700	94,200	+33,500
31 Equipment.....	80,740	175,940	+95,200
Total obligations by object.....	6,484,000	9,299,000	+2,815,000

Summary of changes

1967 enacted appropriation.....	\$7,350,000
Transfer from social security trust funds.....	1,249,000
Proposed supplemental (pay costs, Public Law 89-504) :	
Appropriation.....	163,000
Social security trust funds.....	23,000
Transfers from :	
Salaries and expenses, Office of Education.....	338,000
Public Health Service.....	64,000
Manpower development and training activities, Department of Labor.....	110,000
Agency for International Development.....	64,000
Transfers to :	
Salaries and expenses, Office of the Secretary of Interior.....	-78,000
Salaries and expenses, Office of Administration.....	-1,824,000
Trust funds.....	-239,000
Salaries and expenses, Office of Comptroller.....	-678,000
Trust funds.....	-58,000
1967 total estimated obligations.....	6,484,000
1968 estimated obligations.....	8,088,000
Transfer from social security trust funds.....	1,211,000
Total 1968 estimated obligations.....	9,299,000
Total change.....	+2,815,000

	Base		Changes from base	
	Positions	Amount	Positions	Amount
Increases:				
A. Built-in:				
Annualization of new positions authorized for part of year in 1967				\$315, 100
B. Program:				
1. Secretary and Under Secretary	29	\$461, 300	5	90, 700
2. Assistant Secretaries:				
Education	42	601, 800	6	71, 435
Health and scientific affairs	26	399, 100	7	110, 210
Individual and family services	13	208, 600	8	105, 980
Legislation	24	289, 500	5	69, 005
Program coordination	40	654, 700	12	159, 270
3. Public information	19	285, 000	2	26, 400
4. Study contracts (assistant secretaries)				220, 000
5. Civil rights activities	278	3, 434, 000	131	1, 845, 400
Total, program increases			176	2, 698, 400
Decreases:				
Nonrecurring costs of 1967 activity:				
1. Equipment, space, and extra day				-48, 500
2. Manpower study				-150, 000
Total decreases				-198, 500
Total, net changes requested			176	2, 815, 000

EXPLANATION OF CHANGES

A program increase of 176 positions and \$2,698,000 is requested for 1968 to provide the Office of the Secretary with the resources necessary to effectively administer the rapidly growing programs of the Department. The full effects of the many new and expanded programs of the Department is only now beginning to be felt. During the past two years, the Office of the Secretary was strengthened by the authorization of additional Assistant Secretaries and through the development of a more responsive organizational structure. This estimate is designed to provide the additional supporting staff to effectively meet these increased responsibilities, especially in the area of civil rights, and to aggressively meet the many new challenges facing the Department. These increases are explained below:

Executive Direction and Coordination: An increase of 43 positions is requested to strengthen the overall Executive Direction and Coordination. Five of these positions are for the Offices of the Secretary and Under Secretary. These positions are needed to meet the increasing workloads of these offices arising from the growing number of special high priority projects and from the increasing pressures of daily operations.

The remaining 38 positions are requested for the Assistant Secretaries to enable them to undertake broad studies which cross organizational lines; to identify emerging problems and to engage more fully in comprehensive long-range planning. Such areas of activity will include: studies of the needs of the educationally disadvantaged, educational telecommunications and adult education; studies of health manpower needs, including more effective methods of organization for the delivery of comprehensive health services; devising of effective methods for delivering services with special attention to rural populations and to the needs of special groups such as youth, the family, children and the aged; added emphasis on the coordination of proposed legislation for programs cutting across agency responsibilities; and the intensive review of on-going departmental programs and the development of guidelines for establishment of program priorities.

Office of Public Information: Two positions, one professional, are requested to strengthen the Office of Public Information. This additional position is needed to provide leadership and guidance to the agencies in order to coordinate information activities of related programs; to eliminate duplication of effort, and to give an overall rather than fragmentary view of major departmental activities.

Civil Rights Activities: An increase of 131 positions is requested to effectively administer the provisions of Title VI of the Civil Rights Act which prohibits discrimination in programs receiving Federal financial assistance. While much has been done in this area in the last two years, much more remains to be accom-

plished. More than 200 major programs provide Federal funds to beneficiaries through 500 State agencies and hundreds of thousands of school districts, nursing homes, hospitals, colleges, etc. Additional personnel are required: to provide technical assistance to recipients of Federal funds in order to encourage voluntary compliance; to insure continued compliance of institutions already reviewed; and to make initial reviews of the many hospitals, nursing homes, and school districts which have been cleared to receive Federal funds on the basis of signed assurances.

Explanation of transfers

	1967 estimate	1968 estimate	Purpose
Transfer to: Salaries and expenses, Office of the Secretary of Interior.	\$78,000	-----	Reflects transfer of responsibilities under Reorganization Plan No. 2 of 1966.
Transfer from: Salaries and expenses, Office of Education.	150,000	-----	Reflects transfer of funds for manpower study, authorized by Congress.
Comparative transfers from: Public Health Service.	64,000	\$64,000	Transfer of patent policy functions to Office of the Secretary.
Manpower development and training activities, Department of Labor.	110,000	110,000	Reflects transfer of funding for Department responsibilities relating to MDTA.
Agency for International Development.	64,000	64,000	Reflects transfer of funding for specialized international functions.
Comparative transfer to: Salaries and expenses, Office of Administration.	2,063,000	2,385,000	Reflects revision in appropriation structure which consolidates administrative functions in a separate appropriation.
Salaries and expenses, Office of the Comptroller.	736,000	948,000	Reflects revision in appropriation structure which consolidates financial management functions in a separate appropriation.

INTRODUCTION

The 1968 estimate for the Office of the Secretary provides for \$9,299,000 and 647 positions, an increase of \$2,815,000 and 176 positions over the fiscal year 1967 adjusted program level. This increase is composed of \$266,600 for net annualization cost of prior year programs and \$2,698,400 for 176 new positions, of which 131 positions are to administer Title VI of the Civil Rights Act. The budget also reflects a decrease of \$150,000 related to the non-recurring cost of the study of administration of manpower programs to be undertaken during fiscal year 1967 at the direction of Congress. The 1968 estimate is based on a revised appropriation structure which reflects the current assignments and responsibilities for direction and coordination of Department activities. The estimate provides funding for specific assignments to the Secretary's office and for other broad areas of responsibility previously funded elsewhere within the Federal Government. These items are as follows: Federal Interagency Committee on Education; National Advisory Committee on Education of the Deaf; Patent policy functions; Manpower Development and Training Coordination; and International Activities, including the specialized functions in the areas of health, education, and welfare carried out for the Agency for International Development.

1. Executive direction and coordination

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits:						
1. Secretary and Under Secretary.....	29	\$408,000	34	\$481,670	+5	+\$73,670
2. Assistant Secretaries:						
Education.....	42	517,200	48	581,170	+6	+63,970
Health and Scientific Affairs.....	26	361,300	33	461,915	+7	+100,615
Individual and Family Services.....	13	188,300	21	287,360	+8	+99,060
Legislation.....	24	263,700	29	324,610	+5	+60,910
Program Coordination.....	40	563,200	52	711,640	+12	+148,440
Total.....	174	2,301,700	217	2,848,365	+43	+546,665
All other objects.....		313,300		699,720		+386,420
Total, executive direction and coordination.....	174	2,615,000	217	3,548,085	+43	+933,085

GENERAL STATEMENT

The legislation enacted by the 88th and the 89th Congresses affecting this Department has presented it with a tremendous challenge. A partial listing of the recently passed legislation is enough to indicate the programs expanded or inaugurated. The Social Security Amendments, the Elementary and Secondary and Higher Education Acts, amendments to the Vocational Rehabilitation Act, the Older Americans Act of 1965 are among the major items contributing significantly to the Department's responsibilities.

A brief review of the tremendous growth in the responsibilities of the Office of the Secretary during the past several years is reflected in the following statistics. In the 13 years of the Department's existence it has grown from a Department with about 35,000 employees, with \$1,900,000,000 in general fund expenditures, and \$3,400,000,000 of trust fund expenditures, to a Department with over 100,000 employees, and appropriations of over \$12,000,000,000 from general revenues and estimated expenditures from trust funds of over \$25,000,000,000 in 1967.

During 1966 the Secretary established a management structure designed to meet the demands of this heterogeneous Department. The chart on page 34 sets out the Department's organization, including the major segments of the Office of the Secretary.

In order to continue the intent of the new organization, significant increases in top staff to coordinate, direct and plan for the future are essential. Major steps in this direction were made during the 89th Congress when additional Assistant Secretary posts were created and a modest increase in supporting staff allowed. The 1968 budget for the immediate Office of the Secretary and the Assistant Secretaries continue this forward progress with a request for 43 new positions and an increase of \$826,600 over the funds available in 1967. It also provides for direct funding in this account of responsibilities assigned to and carried out by the Secretary's office but presently funded in a variety of areas in the Federal Government. The proposal to consolidate them here is in accord with the Bureau of the Budget and Department policy to fund these functions at the principal point of operation.

Immediate Office of Secretary and Under Secretary (5 positions)

The increasing volume of daily priorities and projects occurring within the Secretary's immediate office places a major burden on the small existing professional and clerical staff. The routine of daily operations cannot be diffused among the Assistant Secretaries who are devoting their time and effort to program planning and direction on a broad scale. Liaison with the White House, the Congress, and the public in general, in addition to the general management responsibilities with which this office is charged, involve matters which must be handled with dispatch. The limited staff available for this purpose cannot meet the demands of the growing organization. To relieve this situation, three professional and two clerical positions are requested in 1968.

More and more frequently the Secretary finds it necessary to seek the advice and consultation of highly qualified individuals outside the Federal complex in carrying out his role of leadership in understanding and dealing with the Nation's needs in health, education, and welfare. He must seek new approaches and innovative solutions to problems and responsibilities, and improved means of implementing these approaches and solutions. The occasional use of highly competent people with special skills and talents in the areas under consideration has proved extremely useful and beneficial to the Secretary and his top staff. For this purpose, the 1968 budget requests additional funds for consultant fees and related travel, making a total of about three man-years of expert consultation available.

Assistant Secretary for Education (6 positions)

General Statement: The Office of the Assistant Secretary for Education has a policy and leadership role with respect to education programs both within the Department and throughout the Federal Government. The Office carries out the education-oriented activities previously located elsewhere in the Office of the Secretary as well as a number of new responsibilities which have been assigned to it.

The Assistant Secretary for Education acts as principal advisor to the Secretary on all matters of Department-wide education policy. In his advisor capacity, the Assistant Secretary was involved in the substantial legislative program

introduced in the 89th Congress. He was also responsible for the review of the proposals contained in the President's Message to Congress on international education and for advice to the Secretary on actions and policies needed to respond to this Message. The Message contained a 10 point program involving Department activities. One point which required considerable work by the Office related to the proposed establishment of a Center for Educational Cooperation. A second proposal also involving this office's participation was legislation to create an international studies grant program. This became the International Education Act of 1966. Responsibility for the international education activities to be carried on as a result of this Act is focused in the Assistant Secretary for Education.

The Assistant Secretary for Education also has responsibility for policy and program direction of the educational television grant program. The Office also provides liaison with the Departments of Labor and Commerce and the focus for policy direction for those parts of the Manpower Development and Training Act for which the Department has responsibility. In addition, the Office of the Assistant Secretary for Education exercises responsibility for policy direction in programs for education of the deaf and the statutory responsibilities of the Department toward Gallaudet College, Howard University, and the American Printing House for the Blind.

Accomplishments and Objectives: Since creation of the Office, the Assistant Secretary for Education has necessarily devoted considerable personal and staff time to the development of relationships with the academic community and other Federal agencies in keeping with his role as Chairman of the Federal Interagency Committee on Education. As chairman, he is particularly responsible for giving leadership to the Committee on seeking solutions to problems of interagency educational policy, in securing an overview of the effect of Federal activities, and in obtaining the data necessary for this overview.

The objectives of the Office include, but are not limited to the following:

To give emphasis to long-term planning of educational programs and policies of the Department of Health, Education, and Welfare.

To function as a center of discussion and communication about educational concerns.

To advise the Secretary, from the perspective of planning and communications, about new ways by which educational programs within the Department may be more effectively coordinated, which, in turn, can be carried into the Federal Interagency Committee on Education.

To serve present and future programs in education by initiating and clearing legislative proposals for needed changes, translation of the needs, as seen by the educational community, into legislation.

To perform liaison with major associations concerned with education and the educational community at large, congressional committees, the Executive Branch as well as strengthening the effectiveness in discharging responsibilities regarding Howard University, Gallaudet College and the American Printing House for the Blind.

Major thrusts will be made in the areas of international education (positions and funding for which is included in the appropriation request for "Higher Education for International Understanding"), strengthening of the Federal Advisory Committee on Education, the educationally disadvantaged, the handicapped, educational telecommunications and technology and adult education. The additional six positions requested (4 professional and 2 clerical) will provide in-depth support for these areas of concern.

The Office plans during 1968 to undertake studies designed to improve knowledge and understanding of educational needs. Among the proposed studies is one which will consider the question of educational quality of the undergraduate instruction program of the middle level colleges with particular reference to developing institutions. Another is a study of the role of the educational institution in the urban community—this would include an identification of functions of the institutions, the educational requirements of the community and means by which the institutions can contribute to these requirements. The estimate contains \$40,000 for study contracts in these areas.

National Advisory Committee on Education of the Deaf (no increase)

The Committee was created under authority contained in P.L. 89-258 of October 19, 1965, which amended the "Captioned Films for the Deaf Act." This latter Act, in section 5, in creating the Committee, designated that it be composed of 12 persons and authorized the Secretary to appoint necessary special advisory

or technical personnel to assist the Committee. The funding for the Committee has been provided under "Salaries and Expenses, Office of Education" during 1966 and 1967. Because the Committee responsibilities are lodged in the Office of the Assistant Secretary for Education, the 1968 budget proposes direct funding of this activity in the Secretary's budget.

Since the Committee was named last spring its meetings have been held primarily to become organized and to explore the areas on which it should focus attention. It has played a significant part in providing advice and assistance to the planning for the National Conference on Education of the Deaf currently scheduled to be held in April 1967. In this latter instance, the Committee is participating in planning sessions leading to the preparation of a Conference agenda and designation of participants.

Assistant Secretary for Health and Scientific Affairs (7 positions)

General Statement: The Assistant Secretary has major staff responsibility in several areas among which are (1) health and medicine (including environmental health); (2) population dynamics; (3) scientific affairs; and (4) patent policy. The primary areas of activity in each of these categories include the development, coordination, review and evaluation of policies; including new approaches; review, analysis, and evaluation of programs as they relate to departmental policies; legislative and budgetary planning, and liaison with professional and voluntary organizations, private institutions and State agencies, members of Congress and congressional committees; and membership and participation in departmental and interagency committees and councils (e.g., Federal Council on Science and Technology, Federal Radiation Council, etc.).

Accomplishments and Objectives: The Office of the Assistant Secretary has been engaged in a number of activities relating to its varied responsibilities. Among some of the major efforts now under way or planned for the near future are the following:

Health manpower—The Assistant Secretary represents the Secretary on the newly established President's Committee on Health Manpower. In this role he and his staff are devoting significant time and attention to identifying and evaluating existing programs and requirements and to developing recommendations to assure maximum effectiveness in the use of health manpower.

Environmental health—The Office is participating in the work of the task force established to set forth the Department's goals in the field of human environment, priorities for attaining these goals, a mechanism for achieving the goals, and a means for creating an awareness of the goals.

Family planning conferences—The Department has been conducting a series of regional conferences on family planning during recent months. Their purpose is to explain the Department's policy in the area of family planning, to explore the broad background and implications of family planning activities, to provide insights into the development and operation of family planning services under a variety of auspices, and to describe resources available to support family planning services.

Alcohol education—An advisory Committee to the Secretary on Alcoholism has been established to advise, consult with and make recommendations on matters of general policy, particularly from a long-range viewpoint, as they relate to alcoholism and related problems. The Committee is expected to be an important mechanism in gaining cooperation and collaboration from groups, institutions, and lay leaders which is fundamental to implementing the Department's alcoholism programs.

Patent policy—The Assistant Secretary for Health and Scientific Affairs has recently been assigned responsibility for patent affairs of the Department, including the making of required patent determinations. The Department Patents Board will serve as the advisor to the Assistant Secretary in this area and will provide a medium through which he can evaluate the effectiveness of Department patent policy and the administration of such policy.

During 1968 the Office proposes to undertake a series of across-the-board studies designed to review and evaluate problems and programs related to health and scientific affairs. Among the areas in which studies are contemplated are (1) patent policy; (2) effective methods of organization for comprehensive health services; (3) health manpower with emphasis on the effective utilization of physicians; and (4) broad environmental health questions. The estimate includes \$40,000 for this purpose.

The request provides for addition of 4 professional and 3 clerical positions in 1968 as a modest increment to aid the Assistant Secretary for Health and Scien-

tific Affairs in carrying out the broad range of his responsibilities. Two of the four professional positions would be utilized to strengthen the Office in the area of environmental health. One professional position would be a specialist in the area of population problems. The final professional position would be a specialist in the area of coordination and delivery of health services with particular emphasis on health services provided within urban areas. This professional would have as one area of prime concern effective coordination with other Government agencies such as HUD and OEO. The three clerical positions would be utilized to support the four professionals identified above.

Assistant Secretary for Individual and Family Services (8 positions)

General Statement: The Office of the Assistant Secretary for Individual and Family Services has been engaged in a number of activities relating to its wide-ranging responsibilities in the areas of social security, vocational rehabilitation, welfare, and aging. It bears overall accountability for Department activities in juvenile delinquency and youth development, antipoverty program coordination, mental retardation and the handicapped, migratory labor, urban assistance, rural development, and the care of refugees and immigrants. The demands of these areas, never insignificant, have grown considerably due to new legislation, greater public awareness of demand for services, and intensified Federal inquiry into future directions for program and policy.

Accomplishment and Objectives: In past months, this Office has devoted considerable effort and attention to matters of effective delivery of social services, the development of programs and policies relating to this Department's role in child development, juvenile delinquency and youth development, a review of programs for and recommendations concerning handicapped children, and activities relating to coordination of programs within and outside HEW which can be brought to bear on the problems of urban areas. Its concerns are centered on new proposals and policy formulation as well as recommendations on the improvement, expansion, and integration of current program activity.

These matters will of course be of continuing interest to this Office, but time and attention will be increasingly devoted to developing ways to coordinate and integrate program activities within and outside of this Department to achieve a greater degree of responsiveness of the problems which we address. Organizational issues will be of particular interest with respect to these goals. Specifically, attention will be given to devising effective methods for delivering services with special attention to rural populations; to integrating Federal policy and programs to serve families; to formulating long-range policy goals relating to income maintenance and the delivery of social services and, at the same time, developing proposals and programs which will contribute to these goals. A major objective will be pursuit of ways to streamline and make more efficient our efforts so that they will make the greatest positive impact on problems and return the greatest interest on our investments in time, money, and human resources.

The Assistant Secretary and his staff will be concerned with how to orient our program activities around the problems of urban and rural areas: around the is a deep interest in pulling together program components and resources as they needs of special groups such as youth, the family, children, and the aged. There relate to the problems young people face in the community—in schools, jobs, courts, and recreation and social programs.

The Office of the Assistant Secretary is concerned with the impact of a variety of Federal programs on families and plans to undertake exploratory studies to determine the effect of this impact. It also anticipates making studies in connection with efforts to devise more effective methods for the integration and delivery of social services. The estimate contains \$40,000 for these and related studies.

Eight positions (5 professional and 3 clerical) are requested to help achieve the goals outlined. It is believed that an increase of this level will allow the Assistant Secretary to devote to the subjects discussed the time and attention which they merit.

Assistant Secretary for Legislation (5 positions)

General Statement: The Assistant Secretary for Legislation serves as top staff advisor to the Secretary on legislative programs; assists and represents the Secretary on legislative matters at the Bureau of the Budget, the White House, and Congress; coordinates the legislative staff work of the Department and develops the Department's position on legislative proposals originating in Congress or elsewhere; reviews reports prepared on such proposals requested by congressional

committees, the Bureau of the Budget or others; coordinates preparation of recommendations and data for Presidential communications relative to legislation of concern to the Department; directs the Office of Congressional Liaison; and takes a leading role in a number of Presidential, interdepartmental, and departmental committees task forces.

Accomplishments and Objectives: The increasing volume and broader scope of new legislation, and the review of legislation relating to the multiplying needs of our society, have placed an extremely heavy burden on the small staff of Special Assistants to the Assistant Secretary. The emphasis on coordination of legislation for programs cutting across agency responsibilities, as well as the scope of the activities, has been accompanied by increasing use of the expertise of the Special Assistants by Senate and House Members, their committee staffs, the White House, and the Bureau of the Budget in the development and presentation of the Department's legislation or legislation affecting the Department's programs. The number of requests for special reports, drafts of legislation, backup materials, etc., from these sources has also created a serious problem in the physical preparation of the volume of work. It is of primary importance to the Department's legislative program that comprehensive analyses and responses be prepared and forwarded in a timely manner.

The budget request for 1968 contains 5 new positions (3 professional and 2 clerical) to aid the Assistant Secretary in providing these analyses and reports, and in generally meeting the increased workload requirements of this Office.

Assistant Secretary for Program Coordination (12 positions)

General Statement: During fiscal year 1966, the initial year of its operation, the Office of the Assistant Secretary for Program Coordination has devoted its primary efforts to:

1. developing a cohesive planning, programming, and budgeting system for the Department, and
2. reviewing and evaluating selected DHEW programs.

Accomplishments and Objectives: Department-wide Program Analysis Groups were established to intensively review on-going departmental programs and develop an analytic and substantive basis for program priority and funding levels. Five major Program Analysis Groups and subsidiary working groups were established. These groups operated under the supervision of staff members of this office. These groups conducted program analyses and evaluated existing and proposed programs of DHEW. They prepared the final Program Memoranda, summarizing and analyzing group findings, for presentation to the Secretary and the Bureau of the Budget. It is anticipated that staff of this office will need to work more extensively with operating agencies in the development of additional models for program analysis and evaluation and in the actual process of data gathering and report preparation.

This office has also developed additional studies, in major areas of concern to the Department, one of which was the Report to the President on Medical Care Prices.

The Office has developed a departmental program structure, issued policies and procedures for preparation of DHEW's first Five-year Program and Financial Plan, worked with operating agencies in the development of these five-year programs and financial plans and, upon receipt, prepared summaries and analyses of agency proposals for review by the Department's Program Review Committee and the Secretary.

This office initiated work on the development of Social Indicators designed to chart our Nation's progress toward its social goals in much the same manner as the National Economic Indicators depict its economic progress. This assignment was specifically delegated by the President through the Secretary to this office. The Social Indicators panel had its first meeting during fiscal year 1967 and additional meetings are scheduled for later in the year. Principal reliance has been and will continue to be in 1968 on a panel of outside experts.

In order to proceed with the development of a program coordination staff fully responsive to the needs of the Secretary and operating agencies, able to participate in the review and evaluation of Department programs, and in the development of program plans, 12 additional positions (7 professional and 5 secretarial) are requested for fiscal year 1968.

During the past year, with the staff available, it has been possible to examine only a limited number of DHEW programs. The increase requested would permit the office to: (1) extend its evaluation and analysis of DHEW programs, and (2) provide leadership to the individual agencies in developing methods and

staff to conduct evaluations of programs exclusively within the cognizance of those agencies.

Of the number requested, 2 professional positions will be assigned to the Social Indicators work. This will provide minimum staff for fully supporting the panel of advisors and to work toward the development of the Social Indicators reports. The remaining 5 professional positions will be assigned to provide additional staff support for the program analysis and evaluation functions of this office, including the development of additional program reports and working with agency staff in the development of such reports and studies. Staff also will be assigned to provide back-up for the development of the data and operational system required to fully evaluate the Department's five-year programs and financial plans as they are submitted.

The budget contains a request for \$100,000 to fund study contracts and data processing operations. This will permit contracting with organizations with unique expertise complementary to that of the regular staff.

2. Office of Public Information

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	19	\$243,500	21	\$266,635	+2	+\$23,135
Other expenses.....		41,500		50,280		+8,780
Total.....	19	285,000	21	316,915	+2	+\$31,915

GENERAL STATEMENT

The Office of Public Information is the unit in the Office of the Secretary with primary responsibility for assisting the Secretary in fulfilling his legal and administrative responsibilities for public reporting. It is responsible for overall supervision of the Department's total information operation and provides counsel and guidance to the operating agencies on information activities.

Accomplishments

During fiscal year 1966 the Office assumed new responsibilities for the planning, coordinating, supervision, and implementation of public information programs in major areas of Department-wide interest. The Office also undertook full responsibility for the preparation and coordination of information materials and events involving the White House, for the handling of requests for messages referred from the White House, and for reporting to the White House on matters involving or relating to public information.

Following reorganization of the Office in mid-year, activities were initiated to achieve overall improvements in the Department's public information programs in news information, publications, audiovisual materials, and the coordination of departmental information activities with those of other government agencies, voluntary organizations, and business and industry.

New services were offered to the expanded staff of the Office of the Secretary in the preparation and review of speeches, articles, reports, publications, and other documents.

In addition, the Office continued to carry out day-to-day responsibilities which included issuance of 897 press releases; production of 110 speeches and 61 statements used in testimony before congressional committees; and handling of 429 messages referred by the White House and 85 messages in response to requests to the Secretary from individuals and organizations.

Other editorial work included: preparation of articles for encyclopedias, year-books and other publications; responsibility for the Department's annual report; and initiation of work on a comprehensive volume of fact sheets presenting the more than 200 programs and services of the Department.

Objectives 1967-68

Specific objectives for fiscal years 1967 and 1968 include: providing more effective guidance and coordination in the production of materials such as speeches, articles, and publications which deal with the broad general areas of health, education, and individual and family services, but which transcend agency lines;

working with the Office of Field Coordination in establishing field information services; improvement of direct services to the public in the headquarters building; Department-wide recruiting, training and career development programs for public information specialists; production of radio and television public service spot announcements; and background briefings for business-industry representatives.

Justification of New Positions—Fiscal Year 1968

To accomplish its objectives the Office of Public Information requests two additional positions for fiscal year 1968.

To be of maximum service to the information activities of the operating agencies, the Office should participate in planning and developing major information projects throughout the Department; it should provide guidance and leadership to the agencies, to help them make the most of their own resources; it should coordinate the information activities of related programs—to eliminate duplication of effort and to give an overall rather than a fragmentary view of major departmental undertakings. The Office is already utilizing the Assistant Director for Editorial Services and his Deputy to provide planning, coordination, and continuity to information projects. The new position would be used to provide additional needed services of this nature which require an additional highly skilled, senior professional public information specialist.

The Staff Assistant would provide the Coordinator, Field Information Services, with editorial and research assistance in coordinating the information activities in the Regional Offices; serve as liaison with the operating agencies in providing information materials to the field; and assist the Coordinator in analyzing and evaluating reports from the field on the progress of Department programs.

3. Civil rights activities

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	278	\$2,816,100	409	\$4,288,900	+131	+\$1,472,800
Other expenses.....		617,900		1,145,100		+527,200
Total.....	278	3,434,000	409	5,434,000	+131	+2,000,000

GENERAL STATEMENT

An Office for Civil Rights was established within the Office of the Secretary in January 1966 to carry out responsibilities of the Department under Title VI of the Civil Rights Act of 1964 which prohibits discrimination in programs receiving Federal financial assistance. This Office, headed by a Special Assistant to the Secretary for Civil Rights, is responsible for development of departmental civil rights policies, coordination of compliance and educational programs within the Department and with other Federal agencies, and evaluation of civil rights program activities within the Department. The major operating responsibilities in the field of civil rights were assigned by the Secretary to the several agencies of the Department to assure efficiency and to avoid duplication.

Within the Office of the Secretary, the Office of Field Coordination is responsible for coordinating civil rights activities in the several regional offices; the Office of the General Counsel has responsibility for all legal enforcement actions resulting from the implementation of Title VI.

It should be noted that the Department conducts Title VI compliance activities on behalf of all Federal agencies in relation to elementary and secondary schools, colleges and universities, hospitals, nursing homes, and other health care facilities. This function avoids separate programs on the part of some 20 Federal agencies providing assistance to various educational and health programs.

Program

During the latter months of fiscal year 1966 and during fiscal year 1967 to date the Office of Education developed the revised school guidelines and assisted Southern school districts to comply with the guidelines. During this period there were visitations by Office of Education personnel to a total of 559 school districts

(through January 15, 1967). It was found necessary to initiate enforcement action under Title VI in the case of 249 school districts from September 1965 through January 1967. Of these, 58 school districts came into compliance and the cases were dismissed during the hearing procedure. The school guidelines were re-issued unchanged in December 1966. Also, in December 1966 the Fifth Circuit Court of Appeals rendered a decision to the effect that the guidelines were in conformity with Title VI of the Civil Rights Act.

During this period the Public Health Service initiated a major effort aimed at assisting hospitals, nursing homes, and extended care facilities to comply with Title VI so that such institutions would be eligible to receive funds becoming available under the Medicare program. This effort involved visits by PHS staff to 4,133 hospitals and approximately 1,000 nursing homes and extended care facilities. The PHS program included a broad educational and informational effort aimed at encouraging voluntary compliance. This effort included cooperative educational projects with the American Hospital Association and the American Nursing Home Association.

The Welfare Administration mounted a parallel effort through State agencies to contact nursing homes receiving vendor payments. The Welfare Administration contributed to the general educational effort a special publication on instances of successful desegregation of child care institutions.

Accomplishments

The Department's civil rights program has been successful in securing voluntary cooperation with Title VI in a wide variety of circumstances. As of January 15, 1967, 7,130, more than 95 percent of all hospitals in the Nation, were officially committed to provide all services without discrimination. More than 3,000 of these hospitals changed their previous policies and practices to comply with Title VI. Today Negroes are admitted to literally hundreds of hospitals where they were previously excluded or segregated; patients are assigned to rooms and provided services on the basis of medical need without regard to race; Negro doctors are on the staffs of previously all white staffed hospitals; Negro youth are being accepted in many nurses training courses for the first time.

Most of these changes were achieved voluntarily. Only 40 hospitals have been involved in the hearing step of enforcement proceedings.

In education too there has been quiet progress and voluntary change. The percentage of Negro children attending desegregated school in the eleven Southern States rose from 2.2 percent in 1964 to around 6 percent in 1965 and 12.5 percent in 1966. Nearly half the school districts in the South have made a start on the desegregation of faculty. Only 34 school districts are currently (February 10, 1967) ineligible to receive Federal funds under Title VI.

Program Objectives for Fiscal Year 1968

The Department is responsible for assuring that beneficiaries of approximately 200 major programs receive services without discrimination or segregation. This aid is provided through 500 State agencies and hundreds of thousands of school districts, nursing homes, hospitals, colleges, child care institutions, etc.

Because of limited resources many hospitals, nursing homes, and school districts have been cleared to receive Federal funds on the basis of signed assurances without being visited by HEW staff.

Among our objectives for fiscal year 1968 are:

1. The decentralization of civil rights staff to regional offices to facilitate more direct contact with and accessibility to recipients of HEW funds.
2. The provision of more resources in the form of technical assistance to recipients of Federal funds to encourage voluntary desegregation and compliance with Title VI.
3. An expanded program of assistance to urban communities. Northern and Southern, facing problems of school segregation by the Office of Education. While school desegregation progress over the past two years is encouraging, nevertheless, 87 percent of Negro children in the South still attend segregated schools. During fiscal year 1968 the Office of Education plans to visit at least 450 school districts to assist school authorities in maintaining the progress required by the departmental guidelines under Title VI.
4. The review by the Public Health Service of approximately a third of the Nation's 7,500 hospitals and one third of the other health care facilities receiving assistance from PHS. These reviews are required to insure continued com-

pliance with Title VI on the part of such institutions and to visit institutions not previously visited.

5. Provision of an opportunity for hearing within 60 days to all situations where enforcement action is felt to be necessary. This action is being taken in all cases to meet the intent of Congress as expressed in the Elementary and Secondary Education Act in the fall of 1966.

6. The development of procedures to review the performance of State agencies receiving funds from HEW in terms of the commitment of these agencies to require compliance with Title VI in connection with local programs throughout the State. This program is of key importance inasmuch as more than half of the Department's grant monies go to State agencies. This program will involve the Welfare Administration, Vocational Rehabilitation Administration, and the Administration on Aging in expanded civil rights activities. It will also involve new program emphasis for the Office of Education and the Public Health Service.

One hundred thirty-one positions are requested to enable the Department to meet these objectives during fiscal year 1968. Of this total, 96 are professional positions ranging from GS-9 through 15. The great majority of these positions will be placed in regional offices as part of the decentralization of the civil rights function. They will be supervisory personnel and specialists whose primary work will involve the research, investigation, technical assistance and negotiation involved in securing cooperation with Title VI on the part of health, educational and welfare institutions throughout the country. Forty to sixty percent of their time will be spent traveling throughout the regions meeting with and assisting recipients of HEW funds.

4. Manpower studies

	1966 actual	1967 estimate	1968 estimate	Increase or decrease
Other services.....	-----	\$150,000	-----	—\$150,000

GENERAL STATEMENT

The Congress, in its final enactment of the Department's 1967 appropriation bill, specified that \$150,000 of funds appropriated to "Salaries and expenses, Office of Education" should be made available to the Secretary for a comprehensive study of the administration of training programs financed partially or wholly with Federal funds.

The Committee of the Conference included the following statement in its report on the bill:

"The conferees do not intend that this study include training programs that agencies operate for their own employees or training of professional personnel but rather training under such programs as vocational education, institutional, and on-the-job training under the Manpower Development and Training Act, apprenticeship and training program, Job Corps, specialized training programs under Title II of the Economic Opportunity Act, work experience program, work-study program, Neighborhood Youth Corps, etc.

"This study is to have as its principal purposes to determine if there is waste, duplication, and inefficiency in administering these programs as many individual programs and, if this determination is in the affirmative, to make recommendations for correction. The study is to be made by a committee of experts in the field, none of whom are to be Federal Government employees, to be appointed by the Secretary of Health, Education, and Welfare after consultation with the Secretary of Labor and the Director of the Office of Economic Opportunity. It is the opinion of the conferees that it would be preferable if the committee's staff was also selected from outside the Federal Government."

The Assistant Secretary for Education is currently in the process of implementing the comprehensive study as directed by the Congress.

New positions requested, fiscal year 1968

	Grade	Annual salary
Executive direction and coordination:		
Assistant to the Secretary (2).....	GS-15	\$35, 100
Assistant to Assistant Secretary (Education).....	GS-15	17, 550
Assistant to Assistant Secretary (Health and Scientific Affairs) (4).....	GS-15	70, 200
Assistant to Assistant Secretary (Individual and Family Services) (2).....	GS-15	35, 100
Assistant to Assistant Secretary (Legislation) (2).....	GS-15	35, 100
Assistant to Assistant Secretary (Program Coordination) (3).....	GS-15	52, 650
Special Assistant to the Secretary.....	GS-14	15, 106
Program Specialist for Disadvantaged and Adult Education.....	GS-14	15, 106
Assistant to Deputy Assistant Secretary, Community Development (Individual and Family Services).....	GS-14	15, 106
Assistant to Deputy Assistant Secretary, Youth Development (Individual and Family Services).....	GS-14	15, 106
Special Assistant to Assistant Secretary (Legislation).....	GS-14	15, 106
Operations analyst (Program Coordination) (3).....	GS-14	45, 318
Program specialist (Education) (2).....	GS-13	25, 746
Program coordination officer (Individual and Family Services).....	GS-13	12, 873
Staff assistant social indicators (Program Coordination).....	GS-13	12, 873
Staff assistant to Assistant Secretary (Individual and Family Services).....	GS-11	9, 221
Administrative assistant (3).....	GS-9	23, 088
Secretary (11).....	GS-7	70, 961
Secretary (2).....	GS-6	11, 734
Total, executive direction and coordination (43).....		533, 044
Office of Public Information:		
Public Information Specialist.....	GS-15	17, 550
Staff assistant.....	GS-7	6, 451
Total, Office of Public Information (2).....		24, 001
Civil rights activities:		
Civil rights officer (23).....	GS-15	403, 650
Civil rights specialist (18).....	GS-14	271, 908
Civil rights specialist (14).....	GS-13	180, 222
Inter-Group Relations Specialist (14).....	GS-12	152, 978
Inter-Group Relations Specialist (14).....	GS-11	129, 094
Inter-Group Relations Specialist (13).....	GS-9	100, 048
Secretary (9).....	GS-7	58, 059
Secretary (10).....	GS-6	58, 670
Secretary (8).....	GS-5	42, 648
Clerk-stenographer (4).....	GS-4	19, 104
Clerk-typist (4).....	GS-3	17, 076
Total, civil rights activities (131).....		1, 433, 457
Total, new positions, all activities (176).....		1, 990, 502

PREPARED STATEMENT

Senator HILL. We are glad to have you, Mr. Cohen.

Mr. COHEN. Mr. Chairman, I think it would be best if I put my full statement in the record and summarize a few salient points.

Senator HILL. We will have it appear in full and you treat it in your own way.

Mr. COHEN. It is a well-written and persuasive statement and I think you, Senator and Mr. Downey will find it so when you read it.

Senator HILL. Are you going to tell us who wrote it?

Mr. COHEN. Mr. Kelly approved it.

Senator HILL. The fact he approved it is strong evidence that it is a good statement. Is that right?

Mr. COHEN. I will put it this way: It is a joint Cohen-Kelly statement.

Senator HILL. That ought to make it mighty good.
(The statement follows:)

I am pleased to present to you the appropriation request for fiscal year 1968 for the Office of the Secretary. I believe that this year's budget will permit continuing progress in shaping the Department of Health, Education, and Welfare into a cohesive and effective administrative body.

The measures enacted by the 88th and 89th Congresses have challenged our administrative capacities as never before. And, as you know, Secretary Gardner is moving very forcefully to meet those challenges, to build the kind of organization that will be equal to the responsibilities that the Department now bears.

Our objectives this year include the following:

First, we want to establish much closer relationships with the State and local governments and other agencies in health, education, welfare and related fields. We are striving to coordinate and interrelate program activities both inside and outside the Department so that the full impact of our resources can be brought to bear on the problems we are all earnestly trying to solve. State and local governments, particularly, bear enormous and growing responsibilities for the wise and effective implementation of the bulk of HEW programs. Our working relationships with them need to be strengthened. This year, Secretary Gardner has placed significant new responsibilities in the hands of the nine regional offices so that the administration of our programs is brought as close to home as possible. In addition to giving greater support to State and local governments, the regional offices will be working to develop and maintain increasingly productive relationships with the entire range of nongovernmental agencies and institutions that are aligned with us in the social fields—the universities, hospitals, and voluntary and professional organizations. We want to translate the idea of creative federalism into a day-to-day working reality, and we need to strengthen our own ability to do so.

Second, the Secretary hopes to strengthen and accelerate the work which was begun this year in the area of program planning and evaluation. The Department is making a major new effort to manage its programs efficiently and to search for more effective ways of meeting its responsibilities. This effort is coordinated in the Office of Assistant Secretary, William Gorham. Working closely with all the constituent agencies of HEW, Mr. Gorham is developing a program budget for the Department which will make it possible to see more clearly how the Department's resources are being spent, and what is being accomplished by them. Major new emphasis is being given to program evaluation in order to find out how well individual programs of the Department are operating and the extent to which they are meeting the objectives set for them. In addition, intensive analysis is under way of the cost and potential effectiveness of alternative new ways of meeting national objectives in health, education, and welfare. Two examples of these kinds of analyses are: the Secretary's report to the President on Medical Care Prices and a study on the cost and effects of several maternal and child health care programs which became the basis for the President's child health care proposals.

As this planning, programming, and evaluation activity proceeds, it will be possible not only for the Department to make better decisions about the management of its resources, but also to give the Congress much more definitive information about the strength and weaknesses of Department programs and ways in which they could be improved. The whole effort needs to be expanded and strengthened.

Third, the Secretary hopes to improve the coordination of Federal activities in education. His aim is to work towards closer collaboration of all the Federal agencies involved in the support of education and towards the protection of the integrity and independence of our educational institutions. One of the important steps to be taken is the immediate strengthening of staff support to the Federal Interagency Committee on Education, of which the Assistant Secretary for Education, Dr. Paul Miller, is Chairman. Dr. Miller also has under his supervision the study of all training activities which was established pursuant to the Appropriation Act last year.

Fourth, the Secretary hopes to see a great deal of progress made in simplifying and streamlining our grants administration. The impact of the recent legislation has been sharply felt in the areas of financial and administrative management. We are acutely conscious of the fact that methods which were adequate for a smaller operation are no longer applicable today. The budget requests which will be presented separately by the Assistant Secretary for Administration, Donald F. Simpson and the Assistant Secretary, Comptroller, James F. Kelly, provide for increased leadership capability so that we may promote excellence in administrative and financial management throughout the Department.

Finally, Secretary Gardner continues to place high priority on carrying out our statutory responsibilities in the field of civil rights. In fiscal year 1967, we

placed emphasis on the development and promulgation of revised school desegregation guidelines. In addition, a major compliance program was initiated to secure compliance by the greatest number of hospitals and extended care facilities so that the Medicare program would not be impaired. The emphasis for fiscal year 1968 will be on programs of assistance to obtain voluntary compliance at the local level by placing reliance on the increasing role of the States. For these purposes, under Title VI of the Civil Rights Act, we are requesting 131 positions and \$2,000,000.

Now let me turn to the budget requests for the various components within the Office of the Secretary.

Several years ago, this Committee anticipated the Department's need for increased administrative strength in the Secretary's Office. Your foresight in providing the additional Assistant Secretary posts and in strengthening the support staff last year has improved the Department's managerial capacities. In several areas, however, we still lack sufficient strength to work effectively. We are therefore requesting an additional 43 positions and an increase of \$933,085 to expand our programs of coordination and planning and to build further on the solid base which this Committee has helped to establish.

ASSISTANT SECRETARY FOR EDUCATION

The Office of the Assistant Secretary for Education develops policy and coordinates education programs both within the Department and throughout the Federal Government. We are requesting 6 positions to provide additional support to the activities directed by the Assistant Secretary for Education, Dr. Paul Miller. These requested positions are all related to the efforts of the Assistant Secretary for Education to strengthen programs in educational television, urban education (emphasizing both disadvantaged and handicapped children), human services manpower, and Indian education. At the same time, such programs are being more effectively developed through the Federal Interagency Committee on Education, in order that more total government planning on key educational issues may occur. Through this Committee, representatives of every agency and department are regularly discussing such issues and setting coordinated work programs into motion.

The National Advisory Committee on Education of the Deaf is presently exploring various aspects of education of the deaf. In connection with this, the Committee will conduct a national conference on education of the deaf in April 1967.

In fiscal years 1966 and 1967, the National Advisory Committee on Education of the Deaf was funded from "Salaries and Expenses, Office of Education." The 1968 budget proposes to fund the Committee within the Office of the Assistant Secretary for Education.

ASSISTANT SECRETARY FOR HEALTH AND SCIENTIFIC AFFAIRS

Every operating agency in the Department administers or supports programs with a significant health or scientific component. These range from the many programs of the Public Health Service to medicare in the Social Security Administration and school health programs and nurse training programs in the Office of Education.

In addition to the programs within the Department which require coordination through the office of Assistant Secretary Philip Lee, we maintain working relationships with many other departments and agencies supporting health programs. For example, we are working closely with the Office of Economic Opportunity on neighborhood health centers, narcotic addict treatment and rehabilitation, and health manpower; with the Department of Labor on health manpower; with the Veterans Administration on health services research, health manpower, and the construction of facilities; with the Office of Science and Technology, the Atomic Energy Commission, the National Science Foundation, and other departments on research.

The Assistant Secretary for Health and Scientific Affairs is the chief staff advisor on health policies, legislation, interagency coordination of programs, and relationships with other government agencies and non-Federal agencies, organizations, and institutions.

In the coming year increased emphasis will be placed on environmental health; alcoholism prevention, control, and treatment; family planning; health services research and development; science information; and health manpower. Special

studies will also be conducted or supported relating to drug costs under medicare, hospitals and health facilities, and patent policy. The estimate for the cost of these studies to be borne by the Secretary's office is \$75,000.

In carrying out this broad range of responsibilities we are requesting 7 additional positions.

ASSISTANT SECRETARY FOR INDIVIDUAL AND FAMILY SERVICES

The Assistant Secretary for Individual and Family Services is responsible for coordination of the Department's social welfare and rehabilitation programs and is at present the focal point for Department-wide activities in juvenile delinquency and youth development, anti-poverty program coordination, programs for mental retardation, and the handicapped, migratory labor, urban assistance, rural development, and the care of refugees and immigrants.

In the coming year, the Assistant Secretary, Lisle Carter, will be increasingly devoting time to developing ways to coordinate and integrate program activities within and outside the Department in order to deliver social services to particular groups. The groups of primary interest are youth, the family, children, and the aged. In addition particular emphasis will be placed on the delivery of services to rural areas. In order to do this, an increase of 8 positions is requested.

Of special interest will be studies to determine the impact of Federal programs on families. The estimate for this and related studies is \$40,000.

ASSISTANT SECRETARY FOR LEGISLATION

The Assistant Secretary, Ralph Huitt, is the top staff advisor to the Secretary on legislative matters and represents the Department on legislative matters both internally and with the Congress and the Bureau of the Budget. The increasing volume and broader scope of new legislation, and the review of legislation relating to the multiplying needs of our society, have placed an extremely heavy burden on this small staff. We are requesting a modest increase of five new positions for the staff of this office.

ASSISTANT SECRETARY FOR PROGRAM COORDINATION

A new emphasis on objective program evaluation and planning has been begun in the Department. The Office of the Assistant Secretary for Program Coordination, William Gorham, is responsible for developing a cohesive planning, programming and budgeting system and for evaluating DHEW programs.

While a significant beginning is being made this year, the additional 12 new positions requested in fiscal year 1968 will enable the Secretary to appraise a substantial number of the Department's programs and to assist the agencies in developing staff and methods to conduct their own program evaluations.

This request also includes \$100,000 to fund special contracts requiring unique outside expertise complementary to that of the regular staff.

PUBLIC INFORMATION

The Office of Public Information is responsible for the overall supervision of the Department's information operations and provides counsel and guidance to the operating agencies on information activities. In addition, the office carries out the day-to-day public reporting responsibilities of the Office of the Secretary. In fiscal year 1968, the office will work with the Office of Field Coordination in developing information programs in the field to help implement the Department's objective of bringing information about programs, as well as their administration, as close to home as possible. Particular attention will be given to improving the coordination and effectiveness of the Department's information programs, in line with the Department's increased responsibilities to the public resulting from the establishment of new programs. Improvements will be made in direct services to the public at the Department's headquarters building and in its nine regional offices. Background briefings will be provided for business and industry representatives.

In order to support these activities, 2 additional positions are requested for fiscal year 1968.

CIVIL RIGHTS

The Department is responsible for the administration of Title VI of the Civil Rights Act of 1964 on behalf of all Federal agencies in relation to elementary

and secondary schools; colleges and universities; hospitals, nursing homes, and other health care facilities. This responsibility avoids the necessity for separate programs on the part of some 15 Federal agencies providing assistance to educational and health programs.

IMMEDIATE OFFICE OF THE SECRETARY AND UNDER SECRETARY

The rapid growth of the Department and its programs has resulted in an increasing workload for the small staff in the immediate Office of the Secretary and Under Secretary. Major policy and program decisions must be reached in these offices, and continuing liaison with the White House, Congress and the public cannot be delegated. All of these duties involve matters which must be handled with dispatch. The present staff cannot meet this increasing workload. To relieve this situation, three additional professionals and two clerical positions are requested.

SUMMARY

Briefly, the budget requested for 1968 for the Office of the Secretary totals \$9,299,000 and 647 positions, a net increase of 176 positions and \$2,815,000. If approved, it will provide the Secretary with the means he feels are essential to provide vigorous leadership and effective coordination of our programs. I strongly urge your approval of these proposals.

I shall be pleased to answer any questions you may have.

OFFICE RESPONSIBILITIES

Mr. COHEN. Mr. Chairman, having served as Under Secretary for nearly 2 years, I would like to say this, perhaps no one except a Secretary or Under Secretary who is actually occupying these positions has a real conception of the volume of work and the range of concern the Secretary has to deal with every day.

I would imagine only a Senator who is chairman of the major substantive legislative committee and a major appropriations subcommittee could even guess at the range of concern about legislation, present programs, new programs, priorities, relationships with the Members of Congress, with the White House, with the Bureau of the Budget, all of the entire range of activities which the Secretary and Under Secretary, the two general officers in the Department, have to be concerned with.

Senator HILL. You and I know how different programs have grown and have been enlarged and extended in just recent years?

Mr. COHEN. Yes. Much of that, of course, came out of your committee, of which you are chairman. You are familiar with the range of that legislation. I would say quite frankly myself, looking ahead in the ensuing years, that this kind of legislation is going to continue to be expanded and built upon now that we finally have, in a sense, a more general Federal aid to education and Federal aid to health and health insurance programs and the others.

STAFF REQUISITE

I think it is fair to say if their programs are successful, as we hope they will be, and I think they will be, that future Congresses will build upon them. Therefore, it is really important, it seems to me, to strengthen the Office of the Secretary in its overall managerial role with adequate staff as your subcommittee has been doing in recent years.

But the Secretary's concern about priority in programs, working with the Members of Congress, and consulting with the President and

Bureau of the Budget and Council of Economic Advisers obviously highlights the need for a competent staff to carry out this work.

GOVERNMENTAL RECRUITING DIFFICULTY

Senator HILL. Do you have much trouble in getting your staff?

Mr. COHEN. Well, I would say, as you know, it is always difficult to find top-notch people.

Senator HILL. You and I know that if a private corporation wants a top-notch man it can pay whatever it takes to get him.

Mr. COHEN. Yes, as you and I have talked many times, I think the problem in the Federal Government is evidenced by the fact that men at the top of the Department are doing managerial work involving \$40 billion worth of annual expenditures.

Those kinds of men can easily obtain salaries of twice as much.

I was thinking about it just last night because the Under Secretary of Interior, Mr. Luce, has taken a job in New York. I think, it pays about \$200,000 a year with other rather attractive fringe benefits. That is the kind of man private industry wants, and we are competing for that kind of quality personnel.

Of course, we can never match that kind of salary.

Senator HILL. What kind of salary would you give?

Mr. COHEN. Well, the Under Secretary, I think, gets \$28,500, if I recall correctly.

I don't see it, Mr. Downey. I just know it on a theoretical basis. But I do think this is a problem all throughout our organization. The National Institutes of Health and the Office of Education. There are State commissioners of education and local commissioners of education that get more than the U.S. Commissioner of Education and doctors earn much more than the Surgeon General and the Director of the National Institutes of Health.

Senator HILL. Yes, or the heads of the several Institutes.

Mr. COHEN. Right. I think the pay level and these other factors are important if we are going to get able people in the future to run these programs. I think we have a very able staff, a very dedicated staff.

Secretary Gardner, as you know, is concerned about excellence in all forms. I think he has tried to attract a very able staff and he gives them a good deal of authority and responsibility and I think it brings younger men and women up to the top.

But there is no question in my mind that we need more able people and we will need able people in the years to come to manage what are now approximately, I would say, between 175 and 200 programs in this Department.

STATE AND LOCAL PROGRAM COORDINATION

It is a vast enterprise and you know yourself the concern the Governors and mayors have today about the coordination of the programs at the local and State levels. This coordination is one of the major goals of the Secretary during the coming year.

We have gone out and visited quite a number of the Governors, as you know.

I think it has been very healthy both for the Federal Government and the States and this is one of the high priorities of the Secretary and staff this year. I stress that in my statement.

PROGRAM PLANNING AND EVALUATION

The second aspect is really what we call program planning and evaluation under the direction of Assistant Secretary, William Gorham.

Our programs are expanding and I think Congress really has the right to expect periodic evaluations from us about their effectiveness, what the taxpayer is getting for his money, which programs are of major importance, which are of lesser importance, and this undertaking is a very, very large part of what the Secretary hopes to accomplish during this year.

FEDERAL EDUCATIONAL ACTIVITY COORDINATION

A third area of concern is improving the coordination of Federal activities in education. There are a great many education programs within and outside the Office of Education and there are also many other training activities of the Federal Government.

The Secretary, through the Assistant Secretary for Education, Mr. Paul Miller, is attempting to bring greater degrees of coordination into these areas.

GRANT ADMINISTRATION IMPROVEMENT

A fourth area that the Secretary is concentrating on and will be concentrating on is the attempt to simplify and streamline our whole grants administration. The impact of all of this new legislation caused a great deal more paperwork, forms, and other requirements. Mr. Kelly and I have no doubt these requirements could be simplified and the Secretary has asked Mr. Kelly and Mr. Simpson and the rest of the staff to take some leadership in trying to figure out ways, first, in which we can simplify this within our existing authority.

LEGISLATIVE PROPOSALS

Then we have been proposing some methods through legislation to simplify this. As an illustration, many times a community or State wants to come in and undertake a rather substantial project but because of the way the laws and the appropriations are set up, the grantee may have to submit five or six different grant applications.

A lot of paperwork and a lot of duplication is involved, and when the project is approved they may have to report into a number of different centers.

Mr. Kelly and I have worked out a method, we think, which will be included in requests for legislation, which will make it possible in the future when a series of grants is approved for the grantee to have his contact with one unit in the Department so that he will not be so confused about all of these different agencies.

Senator HILL. That presents a problem.

Mr. COHEN. Yes. We will need legislation to do that and the President has recommended that in his "Quality of Government" message. Mr. Kelly and I are particularly proud of that recommendation because we think it could do a lot to make the grantee at the local level feel that the Federal Government is not so big and complex and diverse.

Particularly, that is if you are a small grantee.

If you are a great big university, of course, or a great big city or State, you probably have very specialized people to do this, but if you are small it could be very costly and very confusing.

So we think now and during this next year we would like to concentrate on this simplification and coordination of the whole grants administration area and I think it would be a very constructive thing.

Senator HILL. As you greatly expand the quantity, you are going to put a lot of time and effort to the quality; is that right?

PROGRAM CONSULTANT REVIEWS

Mr. COHEN. Yes. I think all of these new programs in the last couple of years obviously have to go through sort of a shakedown operation. None of us would want to say that everything was perfect. I think that the Secretary wants to bring in different kinds of consultants to review these programs and try to improve them and simplify them and attempt to coordinate them and get the best thinking in the country about the priorities. We also want to be able to give Congress periodic reports about how the programs operate, as we are doing for instance in connection with title I of the Elementary and Secondary Act and as we are doing now in the House with the Ways and Means Committee on the medicare program.

We have already suggested some simplifications and revisions. But I am sure that during the next 2 or 3 or 4 years we have to continue in that vein, that is, simplification, coordination, and strengthening of the management of our programs and to attract capable people with leadership and innovative abilities so that the taxpayers will get their value for their expenditure.

BUDGET REQUEST

So I think this request for the Secretary's Office, which is for \$9,299,000 and 647 positions, is a very reasonable and modest one, Mr. Chairman, in light of the very great responsibilities which the Secretary has for running this great Department.

DEPARTMENT ACTIVITIES AND SKILL REQUIREMENTS

Senator HILL. You have many activities today, haven't you?

Mr. COHEN. Yes, and, of course, it takes a great deal of many specialized skills. As you know, in our Department we have physicians, dentists, social workers, educators, and we deal with a wider range of high-level professional people than probably, I would say, any other department of the Government.

That means we have to be constantly working with a very wide range of professional disciplines and bringing them into consultations and it takes a Secretary, I think, with a very, very wide range of interests and ability to be able to encompass all of that.

Senator HILL. What you said is most interesting and I have had it brought home to me a good many times, not only in considering the appropriations but also in considering the legislation for our Labor and Public Welfare Committee, quite a bit of legislation has come up,

as you know, and we have gotten into fields and activities and programs that were almost undreamed of not too many years ago.

DEPARTMENT PICTORIAL CHART

Mr. COHEN. Have you seen this chart, Mr. Chairman?

I think if you have not seen it, it might give you in a little pictorial way a little better picture of the Department.

I think this might give you in just a moment a picture of the kind of managerial scope that the Secretary and the Under Secretary are faced with. These are the senior people in the Department at the Secretary and Assistant Secretary levels and then the Commissioners and regional directors. This really represents the men and women here that deal with policy and programing.

You can see just by looking at them in this way, there are a wide range of programs and a large number of people who are, in a sense, reporting to the Secretary, and I think this is one of the reasons why we needed adequate staffing to try to carry this.

(Discussion off the record.)

Senator HILL. These photos present a good picture.

Mr. COHEN. This is one of our innovations. Rather than just having boxes with names in them we tried to give our staff the feeling that they are real human beings who really are concerned about these programs and, I think, it makes it a little bit more real and personal to see the names and the pictures in the organization structure.

Senator HILL. I see the picture of our handsome friend, Mr. Kelly.

Mr. COHEN. That is a very old picture.

Senator HILL. I didn't want to make that comment but, of course, I had to.

Now, Dr. Winston has left?

Mr. COHEN. Yes; Dr. Winston resigned effective March 31. Mr. Myers is the Acting Commissioner.

Senator HILL. He appeared yesterday and made a good presentation.

Mr. COHEN. He is a lawyer and longtime career man and has done an excellent job and he will be the Acting Commissioner.

Senator HILL. Off the record.

(Discussion off the record.)

Mr. COHEN. As you say, with the additional assistant secretaries that come out of last year's legislation, the Secretary is in a better position now to undertake the kind of studies and development of priorities and the emphasis on program which really was not possible, Senator, in preceding years.

Senator HILL. You didn't have this kind of setup, did you?

Mr. COHEN. No, and we are very grateful for the support your committee has given us both legislatively and appropriationwise to really truly try to make the Department into a cohesive whole, with more effective leadership, I think, than ever, ever before.

I think I can say that, having been connected with one or more predecessors of the Department since 1934, I believe we now have the best group of people and the best leadership.

Senator HILL. Did you come down here when you were a little boy?

Mr. COHEN. I did; yes, sir.

Senator HILL. You did a study on aging for our committee some years ago?

Mr. COHEN. I did.

Senator HILL. We thought you were the best qualified person?

Mr. COHEN. Well, I shared in your view at the time.

Senator HILL. And you did a good job, a mighty good job. We thank you.

SALARIES AND EXPENSES, OFFICE OF FIELD COORDINATION

STATEMENT OF EDMUND BAXTER, DIRECTOR, ACCOMPANIED BY
JAMES F. KELLY, ASSISTANT SECRETARY-COMPTROLLER

APPROPRIATION ESTIMATE

“OFFICE OF FIELD [ADMINISTRATOR,] COORDINATION, SALARIES AND EXPENSES

“For expenses necessary for the Office of Field [Administration,] Coordination, [\$1,980,000] \$2,418,000 together with not to exceed [\$1,746,000] \$2,060,000 to be transferred [from the Federal old-age and survivors insurance trust fund], and expended as authorized by section 201 (g) (1) of the Social Security Act from any one or all of the trust funds referred to therein; and not to exceed [\$34,000] \$35,000 to be transferred from the operating fund, Bureau of Federal Credit Unions.”

Amounts available for obligation

	1967	1968
Appropriation.....	\$1,980,000	\$2,418,000
Social Security Administration transfer.....	1,746,000	2,060,000
Bureau of Federal Credit Unions transfer.....	34,000	35,000
Proposed supplemental for civilian pay increases.....	97,000	-----
Comparative transfer from other agencies.....	210,000	-----
Actual transfer to Federal Water Pollution Control Administration.....	-55,000	-----
Comparative transfer to "Salaries and expenses, Office of Administration".....	-461,000	-----
Total.....	3,551,000	4,513,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Field administration.....	404	\$3,551,000	493	\$4,513,000	+89	+\$962,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	404	493	+89
Full-time equivalent of all other positions.....	6	7	+1
Average number of all employees.....	358	409	+51
11 Personnel compensation:			
Permanent positions.....	\$2,638,430	\$3,201,551	+\$563,121
Positions other than permanent.....	32,700	37,512	+4,812
Other personnel compensation.....	30,000	30,000	-----
Total personnel compensation.....	2,701,130	3,269,033	+567,933
12 Personnel benefits.....	198,030	253,177	+55,147
21 Travel and transportation of persons.....	56,235	122,885	+66,650
22 Transportation of things.....	8,500	25,750	+17,250
23 Rent, communications, and utilities.....	412,740	533,530	+120,790
24 Printing and reproduction.....	32,000	59,000	+27,000
25 Other services.....	65,975	100,065	+34,090
26 Supplies and materials.....	38,390	46,090	+7,700
31 Equipment.....	38,000	103,440	+65,440
Total obligations by object.....	3,551,000	4,513,000	+962,000

1058 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Summary of changes

1966 enacted appropriation-----	\$1,980,000
Old-Age and Survivors Insurance Trust Fund Transfer-----	1,746,000
Bureau of Federal Credit Unions Transfer-----	34,000
Proposed Supplemental of civilian pay increase (Trust Fund 25,000)-----	97,000
Comparative Transfer from other Agencies-----	210,000
Actual Transfer to Federal Water Pollution Control Administration-----	-55,000
Comparative Transfer to Salaries and Expenses Office of Administration-----	-461,000
1967 total estimated obligations-----	3,551,000
1968 estimated obligations-----	4,513,000
Total change-----	+962,000

	Base		Changes to base	
	Positions	Amount	Positions	Amount
Increases:				
A. Built-in:				
1. Annualization of new positions authorized in 1967-----				\$69,090
2. Communications and other miscellaneous costs related to fiscal year 1967-----				126,975
Subtotal, built-in-----				196,065
B. Program:				
1. Executive direction and coordination-----	18	\$177,550	+3	+33,474
2. Intergovernmental relations-----			+6	+67,651
3. Field direction, coordination, and intergovernmental relations-----	63	506,000	+45	+438,729
4. Regional office personnel operations-----	133	114,698	+12	+142,541
5. Administrative management positions-----	190	2,752,752	+23	+125,694
Subtotal, program-----			+89	+808,089
Gross increases-----			+89	+1,004,154
Decreases: Equipment and other 1-time costs related to fiscal year 1967-----				-42,154
Total net change requested-----			+89	+962,000

EXPLANATION OF MAJOR PROGRAM INCREASES

Executive Direction and Coordination

The three positions at a cost of \$33,474 will be responsible for the interpretation of Department policy as it relates to increased program leadership within the Department, other Federal agencies, and State and local governments, and assisting in the development of stronger coordination program activity.

Intergovernmental Relations

The six positions at a cost of \$67,651 will have the responsibility for analyzing the impact of Department programs upon State and local government, and for making recommendations that will strengthen programs at the point of impact.

Field Direction Coordination, and Intergovernmental Relations

The forty-five positions at a cost of \$438,729 will increase assistance to State governments in carrying out programs combining health, education, welfare, and related elements so as to get maximum effectiveness in service to people, and will provide for representation of the Department as a total unit with regard to its impact on colleges, universities, and other institutions.

Improved Regional Office Personnel Operations

The twelve personnel positions at a cost of \$142,541 will enable us to meet the most critical immediate needs for strengthening Regional Office personnel operations. These positions will provide for increased personnel recruitment and utilization activities, and career development programs.

Improved Administrative Management Positions

The twenty-three management positions at a cost of \$125,694 are necessary to handle the growing clerical workloads due to program expansion in the field which are expected to increase in both fiscal year 1967 and 1968.

Explanation of transfer

	1967 estimate	Purpose
Comparative transfer from other agencies.	\$210,000	Reflects the transfer of funds and positions from the various agencies of the Department to enable each regional office to handle public affairs in the field for all of the Department's programs.
Actual transfer to Federal Water Pollution Control Administration.	-55,000	The transfer of \$55,000 and 9 positions is a portion of the Department's overall transfer of funds and positions to the Department of the Interior.
Comparative transfer to "Salaries and expenses, Office of Administration."	-461,000	The transfer is the result of the revised appropriation structure which establishes a separate appropriation, "Salaries and expenses, Office of Administration." Included in the transfer is the functions of the Division of State Merit Systems.

Field management

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	404	\$2,899,160	493	\$3,522,240	+89	+\$623,080
Other expenses.....	-----	651,840	-----	1,990,760	-----	+338,920
Total.....	404	3,551,000	493	4,513,000	+89	+962,000

GENERAL STATEMENT

This office has primary responsibility for the development and execution of Department policies relating to the organization, integration, evaluation, and coordination of the Department's field activities. It also includes the provision of personnel management, financial management, and office services to activities located in or operating under supervision of the nine regional offices.

DEPARTMENTAL

The Office of Field Coordination, as the principal arm of the Secretary for field operations, has the responsibility for leadership in program coordination at the regional and field level, for continued review of the effectiveness of the Department's activities in the field, and for general administrative overview of the Department's regional offices. Specifically, the major functions of the Office of Field Coordination are:

1. To assure execution of the Secretary's policies in the field, in reaching program objectives for field programs by increasing coordination and cooperation among these programs and to facilitate the maintenance of effective headquarters-field relationships.
2. To provide program leadership, direction, and guidance so as to assure effective field operations.
3. To increase uniformity and continuity in field methods, and to develop, issue, and review instructions and directives for the field installations.
4. To strengthen and support relationships in the field between the Department and other Federal agencies.
5. To provide leadership and guidance in relationships between Regional Offices and officials of State and local governments.
6. To provide, through Regional Offices, centralized fiscal, personnel and general office services to employees of the Department in the field establishment.

7. To keep the Secretary informed of the effectiveness of the Department's field operations and methods and to maintain a system of periodic reporting to the Secretary on matter of importance to him.

8. To represent the field organization on Departmental and inter-departmental committees and special projects, and to provide a central point for information and referrals in connection with regional coordination and supervision and inter-program operations.

9. To review and evaluate regional office administration, taking corrective or other action as necessary. To conduct studies pertaining to program coordination in the field, and making recommendations for improvement.

It is of major significance that responsibility has recently been assigned to the Director of Field Coordination to advise and assist the Secretary and the heads of the operating agencies on the Department's role in the field of inter-governmental relations and on the development and strengthening of relationships between the Department and Governors, Mayors, county executives, and other government officials in States, cities, and counties.

FIELD

The nine DHEW Regional Directors are the focal point for leadership, consultation, supervision, and coordination in the field. The administrative and other services to regional office program operating staffs and to field establishments are under regional office supervision. The Regional Director represents the Secretary in the region and is responsible for securing conformity with Department policies, and for maintaining sound public relations and close working relationships with Governors, other principal State and local officials, and other Federal agencies. Legal, audit, and merit system consulting services are furnished to program operating staffs, to State agency, and local officials through staff responsible to the Regional Director. The Regional Director is fully responsible for the continuity of field operations in time of emergencies and natural disasters. The Department's program operating agencies are represented in each regional office by Regional officials, who are under the administrative supervision of the Regional Director. Liaison is maintained with Department field establishment not operated directly through the regional offices, and these field establishments are subject to review and inspection by the Regional Director. The regional office system enables the Department to render unified consultative services to States, localities and institutions and reduces the multiplicity of necessary, costly, and time consuming contacts with State officials.

Services will be provided for approximately 39,000 employees located within the regional office and at other points throughout the region. The latter personnel include grant-in-aid auditors, technical staff of many programs, staffs of more than 600 social security district offices, Federal Credit Union examiners, and other staff who are stationed close to the point of which their services are required. The volume of services to be furnished operating programs and personnel increases as new programs are added and as existing programs are expanded. In recent years major increases in regional office workloads have resulted from new or expanded programs in Hospital Construction, Social Security, and Education.

REGIONAL OFFICE FUNCTIONS

The nine regional office administrative and management staff vary in size depending primarily upon the number of personnel to be serviced by each office and the service needs of program personnel. For fiscal year 1967, positions to be serviced range from a low of 900 positions in the smallest region to a high of 5,100 positions in the largest region.

The four organizational units providing services in each regional office are:

1. Office of the Regional Director: The budgeted staff of this office, whose extensive and complex duties and responsibilities are discussed earlier in this narrative is comprised of the Regional Director, his assistant, a Community Relations Coordinator, and two clerical employees.

2. Personnel Section: The functions of this section include formulating regional policies and issuing internal procedures on personnel matters; classifying positions within delegated authority; interpreting Civil Service Commission and departmental personnel rules and regulations; developing recruitment and placement programs for regional office operating units; developing and administering an effective employee-management relations program; operating an employee performance evaluation program; ensuring equal employment opportunities for all employees, appointing employees within established rules and regu-

lations; processing and maintaining personnel actions and records, preparing personnel reports as required; counseling with employees in such areas as health benefits, life insurance, retirement, and grievances.

3. Financial Management Section: This section is responsible for participating in the development and issuance of internal instructions on financial management matters; providing analysis, and developing justifications for budget formulation and execution; giving technical advice and assistance to the regional staff on fiscal problems and activities; interpreting GAO and Treasury regulations, and DHEW fiscal policies and procedures; maintaining official allotment and appropriation accounts on funds made available to the regional offices; auditing, and certifying for payment vouchers for travel and miscellaneous expenses; maintaining other fiscal records as required; and maintained liaison with Treasury Department, General Accounting Office, other Federal agencies, and Departmental fiscal offices as required.

4. Office Services Section: Some of the responsibilities encompassed by this section include purchasing, and contracting for equipment, materials, supplies, and services, providing all types of mail services, such as reading, classifying, distributing, collecting and dispatching; providing reproduction and duplicating services; developing and maintaining a regional program for assuring maximum utilization of supplies, materials, and equipment; directing a records management program assisting in negotiations with GSA for space acquisition and space alterations; procuring building maintenance services, and necessary repairs for office machines and equipment; maintaining regional safety and fire prevention programs; receiving, inspecting, and assembling office furniture; maintaining an inventory of regional office equipment and property accountability records; preparing a variety of regular reports, and special reports as required; and participating in the formulation and development of regional policies, procedures, and guides on office services matters.

REGIONAL OFFICE POSITIONS

The 468 positions requested to perform the above functions in fiscal year 1968 are shown in the following table with comparable figures for the preceding year.

Regional office unit	Fiscal year 1967 actual budgeted	Fiscal year 1968 esti- mate
Office of the Regional Director.....	63	103
Personnel Section.....	133	145
Financial Management Section.....	89	104
Office Services Section.....	101	111
Total.....	385	468

GROWTH IN THE REGIONS

To illustrate the vast growth experienced in the regions, it is significant to note that in fiscal year 1958, the regional offices provided management services for 13,000 field employees; in fiscal year 1968, we estimate that about 30,000 field employees will be serviced by the regional offices, which is an increase of 130% for the 10 year period as compared to only 92% increase in management staff.

The following table shows the number of positions which we anticipate will be serviced by the regional offices in fiscal years 1967 and 1968.

Unit	Fiscal year 1967 esti- mate	Fiscal year 1968 esti- mate
Boston.....	1,600	1,600
New York.....	5,400	5,600
Charlottesville.....	3,200	3,300
Atlanta.....	3,400	3,700
Chicago.....	5,000	5,100
Kansas City.....	2,500	2,600
Dallas.....	2,900	3,000
Denver.....	900	1,000
San Francisco.....	4,100	4,100
Total.....	29,000	30,000

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As existing programs expand and new ones are enacted into law more and more field personnel who are authorized to carry out those programs must depend upon and be serviced by our regional organization. Some of the measurable regional workloads which have developed as a result of the Department's growth are shown below.

Workload	Fiscal year 1966 actual	Fiscal year 1967 estimate	Fiscal year 1968 estimate
Personnel actions.....	57,000	59,000	62,000
Vouchers audited.....	116,000	122,000	128,000
Accounting transactions.....	414,000	435,000	457,000
Requisitions processed.....	59,000	62,000	65,000
Mail processed.....	14,000,000	15,000,000	17,000,000
Plates duplicated.....	75,000	78,000	81,000
Travel documents processed.....	49,000	51,000	53,000
Total.....	14,770,000	15,807,000	17,846,000

EXPLANATION OF PROGRAM INCREASES

1. Executive Direction and Coordination—Headquarters:

Positions..... 3
Amount..... \$33,474

The increasing emphasis upon those aspects of the Regional Directors' functions which are concerned with program leadership within the Department, with program relationships with other Federal agencies, and contacts with universities and other local institutions require development of staff leadership, planning, support, and evaluation competence at the headquarters level for these activities. The proposed staff assistants will work with headquarters officials of operating agencies, Regional Directors and their staffs, and officials of other Federal agencies for the purpose of assisting in the development of patterns for coordinated programs and will serve in a clearing house role for information and communications among Regions. On the basis of assessments of the strengths and weaknesses of Regional Office activity in program coordination, they will plan and devise methods for strengthening and blending programs into a more meaningful whole at the Regional Office level. The incumbents of these positions will spend a substantial amount of their time in Regional Offices, interpreting Department policy and assisting in the development of methods for stronger coordinated program activity. The requested positions include two professional staff and one secretary.

2. Intergovernmental Relations—Headquarters:

Positions..... 6
Amount..... \$67,651

To assure success of a Nationwide thrust to strengthen relationships with State and local levels of government and to put resources together in the field, the Secretary has designated the Office of Field Coordination as the focal point for intergovernmental relations in the Department. Through the Regional Offices, the Department's relationships with Governors, Mayors, and other State, county, and city officials will be strengthened under leadership and guidance of this new staff in the Office of Field Coordination. The office will maintain close communication with the Council of State Governments, the Governors' Conference, the National Association of Counties, the National League of Cities, the U.S. Conference of Mayors, and other organizations of State and local officials. In addition, the office is responsible for analysis of the impact of Department programs upon State and local government and for making recommendations for modifications in Department regulations, policies, and procedures which will strengthen programs at their point of impact on their clientele and also aid in the strengthening of State and local governments generally. To carry out these functions, a minimal staff of three professional positions with clerical support is needed.

3. Field Direction, Coordination, and Intergovernmental Relations—

Field:
Positions..... 45
Amount..... \$438,729

The Department's Regional Directors are being required to provide leadership and guidance for coordinated activity for the ever increasing complex network of people-service programs at the State and local levels. The Regional Directors' offices serve as the primary point of contact between the Department and Governors, Mayors, county elected officials, and other State and local officials of general government. Increasingly, Regional Directors represent the Department as a whole in relationships with colleges, universities, and other institutions. They are responsible for coordination at the field level of the Department's programs with those of other Federal Departments and agencies, and are the action point for meaningful program participation in the problems of cities.

These increased and increasing responsibilities of the Office of Regional Director cannot be met responsibly without additional staff. Proposed is the creation of an Assistant Regional Director for Federal-State Relations, and of an Assistant to the Regional Director for Institutional Relationships in each Regional Office.

The establishment of an Assistant Regional Director for Federal-State Relations in each Regional Office will make possible increased assistance to State governments, cities and counties, as they develop and carry out programs combining health, education, welfare, and related elements so as to get maximum effectiveness in services to people. They will provide continuing two-way communication between State and local government officials and the Department for the discussion and resolution of problems.

The assistant to the Regional Director for Institutional Relationships will develop meaningful relationships between the Department as an entity and colleges, universities, and other institutions. At present, there is no focal point for the Department's relationships with institutions. Colleges and universities often receive grants from a variety of separate programs administered by the Department, but there is no single point where the institution may be looked upon as an unfractionated whole and its problems discussed as they relate to the total institutions. This position in each Regional Office will serve as such a focus. The positions requested include eighteen professional positions with needed clerical support.

4. Improved Regional Office Personnel Operations—Field :

Positions-----	12
Amount-----	\$142,541

The increasing decentralization of program activity to Regional Offices, combined with the need for strengthened personnel recruitment and utilization activities and career development programs, create the background against which present Regional Office personnel operations need to be considered.

The requested positions will make provision for meeting the most critical immediate needs in strengthening personnel operations in the field. They provide for a Personnel Officer of sufficient stature to be able to develop, lead, and supervise a complete personnel operation. Provision is also made for a Career Development Officer to develop systematic career development programs for Regional Office and field employees so that maximum use can be made of their abilities and to bring about inter-agency transfers so that employees can contribute their increasing knowledge and skills to the positions where they are most needed. This includes close cooperation with the Departmental Office of Administration in the development of training courses and on-the-job training opportunities, as well as systematic planned use of Civil Service Commission, General Services Administration and other governmental and non-governmental training resources. Twelve professionals are requested to improve our Regional Office personnel functions.

5. Improved Administrative Management Positions—Field :

Positions -----	23
Amount -----	\$125,694

The increase in operating programs and personnel in the Regions results in a corresponding workload increase in the Regional Office personnel, fiscal and office services sections. Based upon existing legislation and decentralization of functions from headquarters to the field, there is need for increased management services positions in fiscal year 1968 to handle the growing workload. The positions requested in this increase are required to maintain an operating ratio 1 to 85 between management services positions and positions serviced. Through efforts to improve manpower utilization, modify and improve processes and procedures, and eliminate all but the essential services, Regional Office staff have

been able to operate with a decreasing ratio of management position to positions serviced over the past several years. However, they have been operating at a level which allows no flexibility for absorbing additional service loads. The requested clerical positions will help, in our continuing efforts to keep pace with the added services and problems inherent in ever-increasing workloads.

New positions requested, fiscal year 1968

	Grade	Annual salary
Executive direction and coordination:		
Program utilization officer.....	GS-15	\$17,550
Do.....	GS-14	15,106
Secretary.....	GS-6	5,867
Total (3).....		38,523
Intergovernmental relations:		
Deputy Director for Intergovernmental Relations.....	GS-15	17,550
Assistant Deputy Director for Intergovernmental Relations.....	GS-15	17,550
Staff assistant for intergovernmental relations.....	GS-14	15,106
Secretary.....	GS-9	7,696
Do.....	GS-7	6,451
Do.....	GS-6	5,867
Total (6).....		70,220
Field direction, coordination, and intergovernmental relations:		
Assistant Regional Director for Federal-State Relations (9).....	GS-15	157,950
Staff assistant for institutional relations (9).....	GS-14	135,945
Secretaries (9).....	GS-6	52,803
Secretaries (18).....	GS-5	95,958
Total (45).....		442,656
Improved regional office personnel operations:		
Personnel officers (9).....	GS-13	115,857
Career development officers (3).....	GS-11	27,663
Total (12).....		143,520
Improved administrative management positions:		
Management services positions (10).....	GS-7	64,510
Management services positions (13).....	GS-5	69,303
Total (23).....		133,813
Total new positions (89).....		823,732

COORDINATION PRIORITY

Senator HILL. Next is Mr. Baxter, "Salaries and expenses for the Office of Field Coordination."

We are glad to have you back with us, sir.

Mr. BAXTER. I am honored to be here, sir.

Senator HILL. I notice the budget didn't cut you too much?

Mr. BAXTER. It could have been worse.

Senator HILL. You may proceed, sir.

Mr. BAXTER. Perhaps, Mr. Chairman, I shouldn't say very much. I think the Under Secretary has given very high priority to the urgent task of coordination in relationship with the State and local governments, and institutions, but I will make a very brief statement, sir.

Senator HILL. All right, sir, proceed.

POLICY DECENTRALIZATION

Mr. BAXTER. Throughout the past year we have put ever-increasing emphasis on decentralization in the field of decisionmaking and problem solving. This, of course, has meant a vastly greater responsibility for the Department's regional office.

You know the Secretary has consistently and persistently stressed the urgency of strengthening the capacity within the Department for putting our separate and categorical programs together.

REGIONAL OFFICES

By doing that we can focus in reasonable perspective on individuals and families as human beings and not as components of health, education, and welfare programs. It is at the regional office level where coordination of HEW resources is feasible and where it is essential to make our services available on an orderly basis to the agencies, institutions, and individuals for whom they are intended.

Exercising leadership in bringing about meaningful and realistic working relationships is a major function of the Regional Director and his immediate staff.

Mr. Chairman, I don't think there is anything more important in the field than the leadership function in putting these programs together and in working with the States and communities, the universities and other institutions.

INTERGOVERNMENTAL RELATIONS PROGRAM

Very recently the Secretary assigned to the Office of Field Coordination the overall responsibility within the Department for intergovernmental relationships and our thrust is largely through the regional offices.

We think we need a very realistic down-to-earth approach and not an intergovernmental relations program that works on the fringes. So we are working hard every day building and maintaining the kind of working relationships with State and local governments to bring about cooperation and partnership in the delivery of services in health, education, and welfare, and related fields.

The responsibilities of the Office of Field Coordination and Regional Directors in this important area, of course, embrace relationships both inside and outside of the Department, at headquarters, in regional offices; and at the State, local, and institutional levels.

PERSONNEL INCREASE

The appropriation being requested provides for 54 new positions which will support the increased workload resulting from expansion of the Department's programs and for new concentration on intergovernmental and institutional relations.

PROGRAM INCREASE

I might mention that we have had added in 1965 and 1966 a total of 23 new major programs and 20 of those require interagency activity, so there is a new demand for this relationship across the board to deliver these services to people.

POSITIONS REQUEST

The request includes a small staff of six at headquarters and a staff member together with secretarial help in each regional office for the intergovernmental relations functions.

It also includes a staff assistant in regional offices for institutional relationships, and the primary responsibility of that job would be representing the Department as a total unit and that position would concentrate on the total impact upon colleges, universities, and other institutions.

Because of the increased regional buildup of the Department's activities, there is a clear-cut need to increase the regional staff which provides administrative support for the regional employees.

Senator HILL. How many new employees are under this?

Mr. BAXTER. Twenty-three. That is under this one item.

Senator HILL. But you have all of your regional offices?

Mr. BAXTER. They are to be spread all across the United States in the nine regional offices.

PERSONNEL OFFICERS

It is estimated that we will service 30,000 employees during the fiscal year. Additional demands upon the regional offices, better utilization of employees, and greater centralization of personnel responsibility make necessary strengthened and improved personnel offices.

We need to show a new responsiveness to recruit good people and to keep them on the job.

This will require 12 additional personnel positions throughout the Nation.

Senator HILL. That is the whole United States.

TOTAL REQUIREMENTS

Mr. BAXTER. Yes, sir. These greatly increased demands upon the regional offices and headquarters require a budget of \$4,513,000, which includes 493 positions. That represents a net increase of \$962,000 when compared with last year. A total of \$196,065, is for mandatory items.

Senator HILL. What is that?

Mr. KELLY. Built-in cost of last year's increased staff.

Mr. BAXTER. And \$808,089 and 89 positions are program increases.

Senator HILL. That is the increase in your programs?

Mr. BAXTER. That is \$539,854 and 54 positions for our program staff as contrasted with \$268,235 and 35 positions for administrative staff. I thank you for this opportunity.

Senator HILL. Well, we appreciate your being here.

Thank you very much.

SALARIES AND EXPENSES, OFFICE OF THE COMPTROLLER

STATEMENT OF JAMES F. KELLY, ASSISTANT SECRETARY-COMPTROLLER, ACCOMPANIED BY JOHN J. MALLEN, DIRECTOR, HEW AUDIT AGENCY; NATHANIEL H. KAROL, DIRECTOR, GRANT ADMINISTRATION POLICY; AND JOHN P. LEONARD, JR., EXECUTIVE ASSISTANT

APPROPRIATION ESTIMATE

【OFFICE OF AUDIT,】 OFFICE OF THE COMPTROLLER, SALARIES AND EXPENSES

For expenses necessary for the 【Office of Audit, \$4,477,000】 *Office of the Comptroller, \$6,842,000* together with not to exceed 【\$678,000】 *\$991,000* to be transferred 【from the Federal old-age and survivors insurance trust fund.】 *and expended as authorized by section 201 (g) (1) of the Social Security Act from any one or all of the trust funds referred to therein.*

Amounts available for obligation

	1967	1968
Appropriation.....	\$4, 477, 000	\$6, 842, 000
SSA trust fund transfers.....	678, 000	991, 000
Transfers to—		
Operating expenses, Public Buildings Service, General Services Administration.....	—13, 000	-----
Salaries and expenses, Office of the Secretary of Interior.....	—70, 000	-----
Comparative transfers from—		
Salaries and expenses, Office of the Secretary:		
Appropriation.....	\$678, 000	-----
SSA trust funds.....	58, 000	-----
	736, 000	-----
National Cancer Institute, Public Health Service.....	112, 000	-----
Agency for International Development.....	13, 000	-----
Proposed for separate transmittal, pay increase supplemental:		
Appropriation.....	\$95, 000	-----
SSA trust funds.....	10, 000	-----
	105, 000	-----
Total.....	6, 038, 000	7, 833, 000

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Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
I. Financial management:						
Assistant Secretary, Comptroller.....	6	\$106,800	6	\$106,800		
Budget.....	20	299,300	25	379,000	+5	+\$79,700
Operations analysis.....	9	161,900	9	161,900		
Grants administration policy.....	16	186,700	24	302,200	+8	+115,500
Fiscal policy.....	8	118,300	8	123,100		+4,800
Total.....	59	873,000	72	1,073,000	+13	+200,000
II. Audit agency:						
Director's Office.....	8	110,587	10	136,315	+2	+25,728
University audit policy.....	10	128,359	12	154,087	+2	+25,728
State audit policy.....	10	126,248	12	151,976	+2	+25,728
Social security audit policy.....	4	51,750	8	103,006	+4	+51,256
Internal audit.....	15	192,797	15	198,967		+6,170
Field operations:						
Headquarters.....	11	141,247	14	179,839	+3	+38,592
Regional staff:						
Region I.....	34	437,717	42	540,189	+8	+102,472
Region II.....	49	643,917	69	900,097	+20	+256,180
Region III.....	42	540,817	53	681,716	+11	+140,899
Region IV.....	40	515,558	53	682,075	+13	+166,517
Region V.....	49	640,603	68	883,974	+19	+243,371
Region VI.....	36	464,008	47	604,907	+11	+140,899
Region VII.....	33	425,345	41	527,817	+8	+102,472
Region VIII.....	17	219,660	22	283,705	+5	+64,045
Region IX.....	41	526,387	57	731,330	+16	+204,943
Total.....	399	5,165,000	523	6,760,000	+124	+1,595,000
Total obligations.....	458	6,038,000	595	7,833,000	+137	+1,795,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	458	595	+137
Full-time equivalent of all other positions.....	1	2	+1
Average number of all employees.....	419	522	+103
Personnel compensation:			
Permanent positions.....	\$4,577,211	\$5,512,113	+\$934,902
Positions other than permanent.....	13,000	18,000	+5,000
Other personnel compensation.....	10,000	10,000	
Total personnel compensation.....	4,600,211	5,540,113	+939,902
Personnel benefits.....	349,189	411,587	+62,398
Travel and transportation of persons.....	453,700	599,000	+145,300
Transportation of things.....	17,600	31,000	+13,400
Rent, communications, and utilities.....	68,800	138,200	+69,400
Printing and reproduction.....	28,000	37,200	+9,200
Other services.....	28,100	64,200	+41,100
Services of other agencies.....	450,000	890,000	+440,000
Supplies and materials.....	19,600	31,600	+12,000
Equipment.....	27,800	90,100	+62,300
Total obligations by object.....	6,038,000	7,833,000	+1,795,000

Summary of changes

	New obligation authority	Trust funds	Total
1967 appropriation.....	\$4,477,000	\$678,000	\$5,155,000
Proposed supplemental for civilian Pay Act increase (Public Law 89-504).....	95,000	10,000	105,000
Comparative transfers from—			
Salaries and expenses, Office of Secretary.....	678,000	58,000	736,000
National Institutes of Health.....	112,000	-----	112,000
Agency for International Development.....	13,000	-----	13,000
Transfers to—			
Public Buildings Service, General Services administration.....	-13,000	-----	-13,000
Salaries and expenses, Office of the Secretary of Interior.....	-70,000	-----	-70,000
Total available for obligation.....	5,292,000	746,000	6,038,000
1968 estimated obligations.....	6,842,000	991,000	7,833,000

	Base		Change to base	
	Positions	Amount	Positions	Amount
Increases:				
A. Built-in: Annualization of positions new in 1967.....				\$166,700
B. Program:				
1. Coordination and direction of financial management.....	59	\$873,000	13	174,300
2. HEW audit activities.....	399	5,165,000	124	1,049,800
3. Contracts, Defense Contract Audit Agency.....		450,000	-----	440,000
Total, program increases.....			137	1,664,100
Decreases:				
A. Nonrecurring costs of 1967 activities.....				-35,800
Net change.....			137	1,795,000

EXPLANATION OF CHANGES

Program changes

1. *Financial management.*—Of the increase requested, 5 positions and \$68,400 are intended to permit more effective coordination of departmental budget activities including the establishment of a data bank for maintenance and retrieval of budgetary information. Eight positions and \$105,900 are requested to improve the capability of the grants administration policy function in the coordination and development of policies and procedures.

2. *Audit Agency.*—The 124 positions and \$1,049,800 are requested to meet workload requirements and maintain a desirable level of audit effort in the following areas:

	Positions	Amount
State and local agency audits.....	33	\$280,200
Construction audits.....	7	59,200
University and nonprofit institution audits.....	10	84,600
Medicare audits.....	60	507,600
Internal audits of department operations.....	14	118,200

3. *Contracts—Defense Contract Audit Agency.*—The \$440,000 increase is required to permit expansion of the DCAA audit of HEW funds at institutions where DCAA has cognizance. The 1967 contract provides for 38 man-years of audit effort; the 1968 increase will provide for a total of 75 man-years. DCAA reports that it will be able to accommodate this level of effort in 1968.

Explanation of transfers

	1967 estimate	1968 estimate	Purpose
Transfer to—			
Operating expenses, Public Buildings Service, General Services Administration.	\$13, 000	-----	Rental of space.
Salaries and expenses, Office of the Secretary of Interior.	70, 000	-----	Reflects transfer of responsibilities under Reorganization Act No. 2 of 1966.
Comparative transfer from—			
Salaries and expenses, Office of the Secretary.	736, 000	\$948, 000	Reflects revision in appropriation structure which consolidates financial management functions in a separate appropriation.
National Cancer Institute, Public Health Service.	112, 000	112, 000	Reflects centralization of review and evaluation of indirect cost procedures and related functions.
Agency for International Development.	13, 000	13, 000	Reflects transfer of funding for budget review and evaluation functions.

SALARIES AND EXPENSES, OFFICE OF THE COMPTROLLER

Summary statement

The Office of the Comptroller serves as the Secretary's staff for the budgetary and financial management of the Department. The Assistant Secretary, Comptroller is responsible for directing the work of the Divisions of Budget, Operations Analysis, Grants Administration Policy, Fiscal Policy and Procedure; the Data Management Center, and the HEW Audit Agency. In the area of financial management, the Comptroller provides leadership in establishing basic Department policy in all areas of financial and fiscal management; conducting internal and external audits, developing and maintaining data collection and reporting systems; providing automated centralized payroll services; conducting studies and appraisals of program needs and performance and evaluating their needs in relationship to budgeting and financial requirements. In addition the office provides fiscal, accounting, computer and data processing services for the Office of the Secretary and, upon arrangement, for operating agencies.

This budget proposes combining all functions of the Comptroller's office funded through the direct appropriation process into a single appropriation account in 1968. Simplified management and more responsive reporting to high level officials on financial management activities are expected to result from this consolidation.

The 1968 request for the Office of the Comptroller provides for a total of 595 positions and \$7,833,000. These figures represent an increase of 137 positions and \$1,795,000 over fiscal year 1967 availability (including anticipated pay supplementals). Of the increase, 13 positions and \$200,000 are intended for improvement of coordination and direction of financial management responsibilities and 124 positions and \$1,595,000 for workload requirements of the audit function.

I. Financial management

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits:						
Assistant Secretary, Comptroller.....	6	\$96, 700	6	\$96, 700	-----	-----
Budget.....	20	260, 400	25	320, 400	+5	+\$60, 000
Operations analysis.....	9	154, 600	9	154, 600	-----	-----
Grants administration policy.....	16	175, 200	24	259, 200	+8	+\$84, 000
Fiscal policy.....	8	112, 500	8	115, 500	-----	-----
Total.....	59	799, 400	72	946, 400	+13	+147, 000
All other objects.....	-----	73, 600	-----	126, 600	-----	+53, 000
Total, financial management.....	59	873, 000	72	1, 073, 000	+13	+200, 000

General statement

This activity provides staff assistance to the Secretary in formulating policy in all areas of financial management. The 1968 estimate includes an increase of 13 positions and \$200,000 primarily for improved budget operations and expansion of the newly established grants administration policy function. It also provides for direct funding beginning in 1968 of one budget analyst position now supported by the Agency for International Development. This proposal will consolidate the funding of the financial management overview functions at the principal point of operation.

This budget also reflects centralization of the review and evaluation of indirect cost procedures and related functions in the Office of the Comptroller in June 1966. Functions now concentrated in the Division of Grants Administration Policy were formerly assigned to the National Institutes of Health and the HEW Audit Agency.

Budget Division (5 new positions)

While the scope and complexities of the Division's activities continue to increase, the majority of the time and attention of the staff continues to be concentrated on meeting deadlines for budget information and submissions. Despite these pressures, however, the Division has attempted to look beyond these immediacies and focus upon objectives which would increase the long-range effectiveness of not only the Division but the budget process generally.

Objectives 1967-1968.—The Division's work plan includes the following projects:

Improving the quality of budget justifications and other budgetary material presented to the Budget Bureau and the congressional appropriations committees. The growing size and complexity of the Department's programs increase the need for budget presentations which are more informative, sophisticated, and responsive to the needs of decisionmakers in the executive and legislative branches.

Creating a departmental budget manual which would draw together in one document all departmental policies and procedures for budget preparation and execution. At present, these are found in a variety of instructions which have been issued by the Office of the Secretary and the operating agencies over the years. While changes in organization, program growth and other new circumstances make each budget cycle different from the one which preceded it, the budget process within the Department can be greatly improved by review, consolidation, and standardization of existing directives and the filling out of areas where policies and procedures are presently ill-defined or out of date.

Introduction of automated procedures into the budget process wherever possible. As new and expanded programs are translated into appropriations, funds, activities, and subactivities, the job of preparation of the annual budget threatens to become overwhelming. Existing manual procedures can no longer cope with the tasks adequately. New approaches and techniques, including application of automatic data processing, are needed to speed up the process and to reserve precious staff resources for review and analysis which cannot be done by machines.

Establishing a data bank for maintenance and retrieval of budgetary information. Demands for financial information related to the Department's programs, from within the Executive Branch, from members of Congress and from the public at large are increasing each year. These inquiries could be met more quickly and completely, and with less expenditure of staff time, through the creation and maintenance of a data bank containing historical and current information on financial aspects of the Department's programs. The Department has presently under way an automated system for maintenance of such data on a geographical basis. This approach must be extended to other areas.

Improving estimates of costs and expenditures. With the Department's total expenditures from general and trust funds nearing \$40 billion, greater attention must be given to the development of techniques for estimating costs and expenditures, and for measuring actual attainments against objectives. Accumulation of data on past trends will provide a better basis for evaluating budgetary proposals and for projecting their fiscal impact, as well as for managing the Department's financial resources.

All of these projects will be conducted in close association with the Assistant

Secretary for Program Coordination, who is responsible for creation and installation of the Department's planning-programming-budgetary system. Five new positions (3 professional and 2 clerical) and related costs are requested to assist in carrying out these new projects and to help meet the continuing workload imposed by the budget cycle. One man-year of temporary clerical help is requested to meet workload requirements during periods of peak budget preparation and presentation.

Operations analysis

One of the major functions of this office is the coordination and direction of the Department's cost reduction program. It has developed a comprehensive reporting system and is conducting a continuing evaluation of Department programs in light of the President directives on cost reduction. The Division is also engaged in or has completed a variety of major studies for the Office of the Secretary and/or the Comptroller, including the following:

- Federal grants for State and community health services;

- Review of the policies affecting the care and management of laboratory animals used in programs of the Department;

- Review of the distribution of research grants among large and small colleges and universities;

- Cooperative research and demonstration grants.

Objectives 1967-1968.—Major projects now in various stages of completion or development are as follows:

- Study of processing of audit reports on HEW grants. This study covers the coverage, handling and follow-up action on all audit reports on extramural grants. The purpose of the study is to improve the Department's effectiveness of financial management in dealing with grantees receiving multiple grants from different HEW programs, and to facilitate action in disposing of audit questions.

- Study of student loans. In cooperation with the Office of Education, a plan is being developed for an outside contract for a study of the various student loan programs of the DHEW. The objective is to find the most effective way of shifting the financing of student loans to private credit sources with Federal financial assistance and guarantees. The study plan is completed, and procurement specifications are being verified.

- Increased attention to the cost reduction program to assure the identification and implementation of projects, systems and procedures which will attain the maximum possible return for funds expended.

- Continuing assistance in arrangements for Freedmen's Hospital transfer to Howard University.

Grants administration policy (8 new positions)

The two major functions to be performed by the Division are: (a) the policy function and (b) the indirect cost function. The latter involves the establishment of indirect cost rates with approximately 2,600 institutions; reviewing proposals and audit reports, conducting negotiations, writing negotiation reports, exchanging correspondence and phone calls and responding to special inquiries. It also involves publication of a rate register.

In June 1966 the Secretary assigned the Comptroller's office responsibility to act for all of the Department operating agencies in receiving and evaluating indirect cost proposals and negotiating indirect cost rates. The unit carrying out the duties is composed of an initial staff of 12. Ten of the positions involved were transferred from the Public Health Service where the work heretofore has been done and two from the Audit Agency which will be relieved of maintaining and distributing rate information.

Objectives 1967-1968.—Working agreements with the Department of Defense and the National Science Foundation provide for the handling of approximately 480 institutions by those agencies (although the necessity for some effort by DHEW is not completely precluded). For the remaining 2,120 institutions, existing staff capability consists of 8 cost advisory and negotiation specialists supported by 4 clerk-stenographers. Five of the new positions (4 professional and 1 clerical) will perform in this area. This will make available 2,760 man-days for 2,120 institutions or somewhat less than 1¼ day per institution.

The indirect cost unit has also been engaged in developing separate cost principles pertaining to hospitals, State and local agencies and other nonprofits, and information brochures for dissemination to institutions containing instructions on the development of indirect rates. Although these are in the nature of

early developmental efforts it is likely that continuing collateral efforts will be required in the areas of cost policy development and coordinated follow-up action on audit and GAO reports.

The policy function has as its major objective the achievement of greater simplicity, clarity and uniformity in policies relating to grant management with emphasis on fostering an effective dialogue with grantee institutions and striving for a greater degree of cooperation and uniformity with other Federal agencies. Three of the new positions (2 professional and 1 clerical) will function in this area. This increase will permit one policy specialist in each of the following categories: (1) research grants; (2) construction grants; (3) State grants; and (4) training and project grants and related special projects.

In the interests of improving communication with grantee institutions and facilitating improved grant administration, a Grant Administration Advisory Committee has been established. Public members represent four major categories of grantee institutions: educational institutions, hospitals, State and local units of Government, and other non-profits.

The mission of the Committee is as follows:

- Review and make recommendations on problems or questions related to extramural support program management brought to its attention by institutions or by the Department.

- Review and comment on proposed policies or policy revisions in the area of extramural support program management submitted to it by the Department.

- Participate and assist in review of differences among the HEW operating agencies in extramural support program management policies and practices with a view towards encouraging optimum consistency.

- Initiate reviews or studies directed towards improving the overall effectiveness of management of extramural support programs.

Among specific projects planned or underway in the policy function the following may be cited:

- Issuance of an expanded and clarified version of the Department's cost sharing policy on research grants;

- Issuance of new or expanded policies on purchase of drugs by generic name;

- Support to States for the establishment of integrated management information systems;

- Cost treatment of third party donations and procedures for coordinated actions based on audit reports;

- Developing a manual for use in administering grants and contracts with non-profit institutions containing criteria for effective management in the areas of accounting, purchasing, personnel and wage and salary administration, property control.

The Grant Administration Policy Division has a decided cost reduction and economy orientation although the cost benefits cannot readily be quantified. Economies to grantee institutions and consequently to the Government result from development of uniform policies procedures, and forms in dealing with grantees and in making it possible for grantees to deal with a single office in connection with such matters as determining indirect cost rates. The reduction or elimination of duplicative or conflicting practices also results in internal economies.

Fiscal policy and procedure

The major focus of the Division during 1966 was directed toward revising the Department's Administrative Accounting Manual to incorporate policies and procedural guidelines for accrual accounting on a current basis. Several key chapters were completed and immediately made available to the operating agencies for use in revising their individual systems. Other significant undertakings during the year included:

- Revising the various accounting systems throughout the Department to meet GAO requirements to place systems on a current accrual basis.

- Developing and manualizing the Office of the Secretary accounting system—The concepts of a highly sophisticated computerized system were established and the computer programs completed.

- Extension of the letter-of-credit procedure to the new health programs of the Social Security Administration. Similar assistance was given to the Vocational Rehabilitation Administration in establishing letter-of-credit financing of VRA grants. The fiscal Policy staff also cooperated with

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the Treasury Department in evaluating planned modifications of the letter-of-credit system Government-wide.

Guidance and direction were given in the establishment of three separate management funds for making payments out of a common pool to grantees receiving grants under several programs.

In the interests of developing improved accounting support, discussions are now being held with several accounting and management firms with a view to awarding a study contract for this purpose. The study design will have as its major objectives:

Determination of the best means for achieving adequate accounting support for the budget and the PPB system.

Development of an outline of an approach to a coordinated system of reporting by grantees and contractors compatible with the accounting system being developed, and

Development of an outline of an approach to designing a financial reporting system to top HEW management.

Objectives 1967-1968.—Principal among the planned operations are the following:

For at least the first half of 1967, two professional accountants are concentrating on the revision of 25 basic chapters of the Department's Administrative Accounting Manual to bring them into conformity with GAO principles, standards, and other requirements. Work will then be started on the remaining chapters of the manual.

To the extent possible in 1967 and to a greater extent in 1968, assistance will be provided the operating agencies in the revision of their accounting systems and preparation of formal submissions of the systems to the Comptroller General for approval.

Fiscal Policy and Procedure staff will participate with the operating agencies in a comprehensive review of the letter-of-credit system to determine (1) its effectiveness (optimum timing), (2) compliance with procedures, (3) validity of monthly ceilings, and (4) effect on reporting (plans and actual).

Fiscal Policy and Procedure staff will participate in a Department-wide study with the operating agencies to determine the best possible organization of the accounting and voucher examining functions from standpoint of economy and ability to produce timely and accurate financial information.

During 1967, at least two professional staff members will devote full time to the completion of a detailed procedural manual documenting the revised Office of Secretary accounting system and a summary description of the system, and preparation of the formal submission of the system to the Comptroller General for approval.

II. Audit agency

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	399	\$4, 150, 000	523	\$5, 005, 300	+124	+\$855, 300
Other expenses.....		1, 015, 000		1, 754, 700		+739, 700
Total.....	399	5, 165, 000	523	6, 760, 000	+124	+1, 595, 000

General statement

Under the direction of the Assistant Secretary, Comptroller, the HEW Audit Agency is responsible for conducting comprehensive external audits of various grantees and contractors receiving funds from the Department. This includes audits of grants to State and local governments, grants to universities and other non-profit organizations, commercial contractors, and, under Medicare, fiscal intermediaries, hospitals, home health agencies and extended care facilities.

In addition, the Audit Agency is responsible for conducting comprehensive internal audits of (1) the Department headquarters activities, except for the Public Health Service and the Social Security Administration which have internal

audit staffs of their own, and (2) each of the Department's field installations, including those of the Public Health Service, the Social Security Administration, and the Food and Drug Administration.

Management activities

Significant forward steps have been taken or are planned to broaden and strengthen the capability of existing staff and to give in-depth training to new staff as it is recruited. Prime attention is also being directed to improving both the quality and effectiveness of reporting to top management. Among the major activities in the management area are the following:

Training.—The development of a training and career development program is a primary factor toward raising audit standards and increasing the effectiveness of audits. In order to utilize existing manpower to the fullest extent and improve performance and versatility in auditing the different types of HEW programs, during fiscal year 1967 a series of 12 training courses of two-weeks duration each is being conducted for all professional members of the HEW Audit Agency.

The objectives of this training effort are directed to

Achieving a level of performance and versatility in terms of ability to handle manifold field audit problems regardless of program identification;

Developing a common purpose and commitment to a high level of excellence as members of the professional audit organization of the Department;

Stimulating each employee to map out realistic plans for continued career development; and

Enhancing the ability of the auditors to handle problems and situations having economic, social and political implications.

During the current year, 70 of our auditors enrolled in a home-study correspondence course developed by Dr. Herbert Arkin of City College of New York entitled "Statistical Sampling for Auditors." Several of the staff have also attended automatic data processing and writing courses.

Recruitment.—Recognizing that the future stability of the HEW Audit Agency depends upon attracting qualified college graduates as trainees, we are developing an aggressive recruitment program aimed at securing college graduates for audit positions.

Quality control.—Continued emphasis is being given on the review of audit reports for adequacy of scope, presentation, format, accuracy and soundness of conclusions. This is being done by issuance of uniform audit and reporting guides, through quality control testing by the headquarters staff, and by advising the audit staff of the significant findings disclosed in audits performed by all regions and the areas where improvement in reporting is necessary.

Correlating and reporting.—We are continuing to accumulate individual audit exceptions on a program-wide or functional basis to pinpoint trends and weaknesses on a Nation-wide basis and identify corrective action needed relative to a total program.

Audit program, 1966 and 1967 (through December 1966)

During fiscal year 1966, the first full year of operation for the HEW Audit Agency, 4,437 audits were completed resulting in sustained audit exceptions of \$3,722,745. During the first six months of 1967, 2,441 audits of HEW programs have been released, involving sustained audit exceptions totaling \$1,419,649. Other audit fundings may require additional information from the grantee prior to final resolution. The following schedule sets out the areas in which reports were released during fiscal year 1966 and the first six months of 1967:

Summary of reports released and exceptions sustained

Type	Fiscal year 1966		Fiscal year 1967 ¹	
	Reports released	Sustained and adjusted	Reports released	Sustained and adjusted
State and local agencies	933	\$3,279,289	205	\$1,248,766
Construction	1,591	229,810	695	47,808
University and nonprofit organizations:				
Grants and contracts	509	87,483	568	86,141
Student loans	514	7,891	522	6,948
College work-study	254	17,988	300	24,696
Social security-medicare			1	
Foreign grants	601	100,284	125	5,290
Internal audits	35		25	
Total	4,437	3,722,745	2,441	1,419,649

¹ For the period July 1-Dec. 31, 1966. In addition there were approximately 900 other reports in process of review at the end of December. Of the 2,441 reports released so far in 1967, an additional \$23,126,000 in exceptions have been questions but are not yet acted upon.

Although the number of reports issued and the exceptions sustained and adjusted are indicative of workload, it should be noted that emphasis in the audit program is being given to the expansion of coverage beyond the purely fiscal type operation. The increased scope and coverage is being geared to provide management with the type of information it needs to assist in appraisal of program activities. Auditors are directing significant attention toward making determinations with regard to the efficiency, effectiveness and economical manner in which the Department and the recipients of its funds are administering programs. Through these efforts the Audit Agency will be providing a comprehensive audit service to management at both the Department and agency levels.

Representative of the more recent audit findings are the following:

Maternity and infant care program.—The full amount of a grant, \$3,100,000, to a local Board of Health has been questioned because the grantee has not spent any funds which can be substantiated as the non-Federal share. The Act provides that the Federal share of these projects shall not exceed 75 percent of cost.

Public assistance.—A State made an excess claim of about \$500,000 for administrative costs. The Social Security Act provides that 75 percent of certain specified administrative expenses are reimbursable, while only 50 percent of other expenses are reimbursable. The excess claim was the result of the State's applying the 75 percent claim to expenses which were actually reimbursable at a 50 percent rate.

Audit program, fiscal year 1967

During 1967, the second year of operation of the HEW Audit Agency, continued emphasis is being given to performing audits on a more current basis in order to provide a timely and responsive service to the needs of DHEW management. Considerable progress has been made in gathering meaningful workload data and determining more realistic audit scheduling and review cycles; adopting and implementing up-to-date audit approaches and techniques; revising audit guides and instructions to reflect the foregoing; and developing additional guides for newly enacted programs. The Washington staff is devoting much effort to developing uniform audit and reporting policies and procedures particularly through the development of new or revision and consolidation of existing manuals and related guides.

In order to measure the progress made by the Audit Agency since its centralization in 1966, the Audit Advisory Panel which made the initial study of Department audit functions was reconvened to undertake this task. The Panel has completed its review and is now in the process of preparing a report for submission to the Assistant Secretary, Comptroller.

Audit workload.—The audit workload is divided into four general categories: (1) grants to States and local governments, and construction projects; (2) grants and contracts to universities and other non-profit organizations and commercial concerns; (3) insurance companies (intermediaries) and hospitals and nursing homes (providers) under the Medicare program, and Social Security field in-

stallations; and (4) internal audits of the Department operations, including its regional and other field offices.

The audit workload also includes performing audits for other Government departments and agencies, which by mutual agreement and in the interest of economy, are accomplished by the HEW Audit Agency. During 1967 it is estimated that about 7,000 reports will be produced. Details of this estimate and a projection of related activity in 1968 will be found at the end of this narrative.

1. *Audits of State and local governments.*—Revised audit techniques and concepts have been developed and implemented to provide a more comprehensive type review than that previously conducted. The overall management control systems for recording and reporting transactions involving Federal grant programs are reviewed and evaluated. This approach provides the information necessary for scheduling State and local audits, other than audits of the public assistance programs, on a basis more realistic than the annual audit cycle previously followed. Due to the nature of the public assistance program and its dollar impact, audits of this program are continuing to be scheduled annually.

Other measures which have been implemented to lessen the workload without reducing the coverage in State and local audits include the following:

Existing audit programs are being continually reviewed and where appropriate, revised to take advantage of timesaving devices such as statistical sampling procedures and utilization of internal audits performed by State agency audit staffs, or independent public accounting firms.

Negotiations are in process with several other Government departments to establish cross-servicing arrangements which will achieve three desired objectives: (1) an expansion of audit coverage, (2) a reduction in audit costs by integrating the audit efforts of two or more Government departments, and (3) the minimizing of Federal audit impact on State and local governments. Meetings have been held with several departments which are involved in making Federal grants to State and local governments, including Agriculture, Housing and Urban Development, Interior and Commerce.

2. *Construction.*—Department policy relating to construction projects previously required that each project be audited as a condition precedent to the final payment. This requirement has been eliminated and audits are now performed on a selective basis which removes the priority status. This procedure reduces the number of audits that need be performed and permits more emphasis on scope and depth. In addition, the substitution of an audit memorandum format, where there are no exceptions, for the more conventional type audit report on construction projects has resulted in savings of audit effort and clerical time. It is conservatively estimated that between three and four man-years have been saved by this simplified method of reporting audit results. The savings is being utilized to expand the scope and depth of audits.

3. *Audits of universities and non-profit organizations.*—The considerable backlog which existed in the universities and non-profit organizations area when the HEW Audit Agency was established has been greatly reduced. The number of audit reports issued which dealt with universities and other non-profit organizations covering student loans, the college work-study program, and research, training, and demonstration grants amounted to almost 1,300 for fiscal year 1966. This number is expected to reach 2,250 in 1967. Items disclosed in audit reports included examples of significant excessive claims by institutions, computation of incorrect bases which are used to determine the amounts of Federal funds to be requested, duplicate charges, and excessive funds available at institutions for student loan and work-study programs.

In order to insure audit coverage and timeliness of audit reports in this area, measures have been taken to expand audit coverage to the fullest extent possible. These include:

Use of the "total audit" concept.—Many of the Department's programs are administered through educational institutions and non-profit organizations. Thus one organization may receive grants from more than one operating agency. In such cases, the auditors perform an audit of all such grants at the institution, thereby permitting an evaluation of total management operations as they affect Department funds. For example, audit of total workload at several institutions disclosed that they did not have documentation to support labor charges to grants under any of the programs. A consolidated report to the heads of operating agencies and to the Secretary disclosed \$3,000,000 of cost exceptions for these institutions and recommended appropriate action for all programs. Operating agencies are

reviewing these reports to determine corrective action required. This approach has proved beneficial to the Department as well as the grantee organization in that it limits the number of visits made and thus lessens audit impact. The adoption of this concept does not exclude the necessity for priority audit of any one program whenever extenuating circumstances dictate.

Audits by Defense Contract Audit Agency.—The Department's operating agencies presently make awards to about 300 educational and other non-profit organizations that also operate under Department of Defense (DOD) contracts. In the spirit of efficiency and economy, arrangements were made with the Defense Contract Audit Agency for that agency to extend its audits at those organizations where it otherwise had audit cognizance to include all DHEW grants. Similar arrangements are being explored with other Federal grant awarding agencies. The 1967 contract with the DCAA provides for 38 man-years of audit effort. Staffing requirements of the HEW Audit Agency have been reduced by 30 positions, with the necessary adjustment in funding within the appropriation account.

Use of public accounting firms to audit student loan and college work-study programs.—The Audit Agency is negotiating with colleges and universities to have their annual audits by public accounting firms extended to meet our audit requirements for the college work-study and student loan programs. In this connection, meetings have been held with representatives of the American Institute of Certified Public Accountants and the National Association of College and University Business Officers. Contacts made with some colleges and universities indicate that in general the institutions are willing to pay additional costs pertaining to the extension of the public accountants' services. HEW audit guidelines for these programs are now being revised, tailored to the public accounting firms, consistent with the needs of the Department.

4. *Audits of medicare.*—Initial audits in fiscal year 1967 will be made of insurance companies (fiscal intermediaries) and hospitals dealing directly with SSA under the Health Insurance for the Aged Program (Medicare). There are approximately 150 fiscal intermediaries and 185 direct dealing hospitals participating in this program. A series of meetings have been held with the American Institute of Certified Public Accountants to develop audit programs for their participation in audits of hospitals. Audits of extended care facilities will begin when these organizations have participated in the program a full year subsequent to January 1, 1967.

5. *Internal audits of Department operations.*—During 1967 the internal audit effort has been expanded to provide for comprehensive evaluations of overall management type controls in selected programs. For example, comprehensive reports evaluating the administration of the NDEA student loan program and the work-study program at both the participating educational institutions and the Department resulted in recommendations for strengthening loan collection procedures, improving controls over repayments in order to decrease delinquencies, and assuring that only eligible students participate in the programs. In addition, effort is being devoted to across-the-board type functional reviews designed to pinpoint Department-wide problem areas. One of these reviews, designed to evaluate the adequacy of administrative controls over personnel service costs and utilization at both the Department headquarters and field installations, has resulted in recommendations directed to promoting economy and efficiency in the use of manpower in operations. Also in process is a continuing review of the Department's grants management practices and procedures. This type of review has resulted in recommendations designed to strengthen overall administration of the Department's many and varied grant programs.

Audit program, fiscal year 1968

The audit plan for fiscal year 1968 is based on a comprehensive analysis of program requirements measured against available manpower and the ability to recruit and train additional manpower. Charts setting out workload indices and anticipated report production will be found at the end of this narrative. The anticipated workload and the basis for the 1968 man-year requirement related to the 124 additional positions requested is as follows:

Total workload requirement (man-years)-----	611	
Less:		
(a) Defense Contract Audit Agency-----	75	
(b) Planned use of public accountant audits in lieu of direct audit time in selected areas-----	40	
(c) Use of predetermined overhead rate in research and training grants-----	10	
(d) Existing staff availability from all sources-----	399	524
Net requirement (equivalent to 124 positions at an aver- age lapse rate of 30 percent)-----		87

Explanation of fiscal year 1968 increases.—Program factors influencing workload are as follows:

1. *Grants to States and local agencies (33 position)*

Public Assistance, Grants to States for Medical Assistance, under Title XIX of the Social Security Act, as amended.—It is expected that all States will have initiated Title XIX programs by June 30, 1967. The additional manpower required to provide adult coverage for the new Title XIX programs and the expended activities will increase the workload by an average of approximately 45 man-days for each of the 54 agencies, for a total of 11 positions.

Title II, Section 222, of Social Security Act (vocational rehabilitation services for disabled worker beneficiaries and childhood disability beneficiaries).—The increased audit workload is estimated at an average of 8-man-days for each of the 54 State agencies, requiring the equivalent of 2 additional positions.

Title XVIII, Section 1864, Social Security Act (Payments to State Public Health agencies to determine compliance by providers of services in the Medicare program).—The audit workload is estimated at an average of 8-man-days per State or the equivalent of 2 additional positions.

Vocational Rehabilitation Act Amendments of 1965.—Based on estimated appropriation levels in 1967 and 1968 a total increase in workload involving 91 State agencies is estimated to result in an average increase of 12 man-days per State, or the equivalent of 3 additional positions.

Older Americans Act of 1965.—It is estimated that 54 State agencies and 200 institutions and non-profit organizations will participate in the program. The estimated average audit workload is 3 man-days per agency or institution, or the equivalent of 3 additional positions.

Elementary and Secondary Education Act of 1965.—Under Titles I (deprived children), II (school library materials), and III (supplementary centers) funds will be made available to 20,000 school districts and 54 State agencies for 100 percent Federal funding of approved activities and projects. The estimated increase in average workload per State of 48 man-days will permit a comprehensive review and audit of all State agencies and approximately 400 local school districts. This additional workload is the equivalent of 12 positions.

2. Construction (7 positions)

The estimated number of projects subject to audit is as follows:

	Estimated projects	
	1967	1968
Higher education facilities construction.....	300	930
Library construction.....	325	400
Vocational education facilities.....	100	250
School construction (Public Law 815).....	250	250
Health professions teaching facilities.....	60	120
Mental retardation facilities.....	35	250
Hospital and medical facilities.....	700	700
Health research facilities.....	200	200
Vocational rehabilitation facilities.....		25
Sewage treatment works construction.....	1,130	
Total.....	1,970	3,125

¹ Shown as a nonadd item for comparability since the responsibility for auditing this program will be assumed by the Department of Interior by 1968 and a transfer of positions for this purpose will be effected by the end of 1967.

The selection of projects to be audited will be based on such factors as the distribution of projects by number, dollar amount and grantee, the Federal share of participation, and current knowledge as to the adequacy of the grantee's management control system. Under this procedure, the estimated workload is approximately 1 to 1½ days per project or the equivalent of 7 positions.

3. Universities and non-profit institutions (10 positions)

The broad range of problem areas covered by the Higher Education Act of 1965 establishes a major requirement for additional auditing effort. The scope of the program authorized and the number and variety of educational and non-profit institutions and organizations involved determines the extent of additional manpower needed to carry out the audit function. Factors involved are:

Title IV (educational opportunity grants and student loans): 220 State and lending agencies will be audited in fiscal year 1968, requiring an average of 5 man-days each or a total of 1,100 man-days, the equivalent of 5 additional positions.

Title V (National Teacher Corps and fellowships for graduate study): Audits of approximately 220 institutions will be performed, requiring an average of two man-days each, or 440 man-days, the equivalent of 2 additional positions.

Title VI (grants for teaching equipment and minor remodeling): An estimated 220 institutions will be audited, requiring an average of 3 man-days each, or 660 man-days, an equivalent of 3 additional positions.

4. Social Security Administration, Title XVIII, medicare (60 positions)

The full impact of the audit workload created by Title XVIII, the health insurance program, will be realized in fiscal year 1968. Audits will be required to determine for final settlement purposes the allowable administrative costs of organizations acting as administrative agents of the Government for the payment of providers of hospital and medical services. Audits will also be required to determine the reasonable costs of services furnished by providers who choose to be reimbursed directly by the Government. 375 organizations will be audited in fiscal year 1968, requiring an average of 45 man-days each, or a total of 16,875 man-days. This is equivalent to 76 positions of which 16 were made previously available resulting in an increased requirement of 60 positions.

5. Internal audits of Department operations (14 positions)

The continued and rapid expansion of the Department's programs makes it imperative that internal audits be conducted in both a comprehensive and timely manner so that management can be apprised of any weaknesses in controls or of potential trouble spots in time to permit the timely initiation of corrective measures. "Program Control Evaluation" audits are being planned such as evaluations of surplus property donations to various organizations and review of Department regional activities. Under this approach,

selected programs or activities which, because of their nature present the greatest potential for management problems, will be singled out for a total audit which will include appropriate tests to evaluate the effectiveness of all applicable management controls.

The Department currently has almost 700 field installations, in addition to SSA installations, that are subject to audit. On the average, our goal is to have each Department field installation audited on a five-year cycle.

During recent years, the Department has been the recipient of an increasing number of General Accounting Office audit reports affecting Department operations. In order to take full advantage of the GAO efforts, prompt corrective action and necessary follow through must be initiated where indicated.

In order to achieve an increase of about 45 percent in internal audits during 1968, the equivalent of 14 new positions is requested.

Audit reports released and planned for release, fiscal years 1966-68

Type	Number of reports		
	1966 actual	1967 estimate	1968 estimate
State and local agencies.....	933	980	1,175
Construction.....	1,591	3,000	3,000
Universities and nonprofit organizations:			
Grants and contracts.....	509	1,300	1,945
Student loans.....	514	600	800
College work-study.....	254	350	450
Medicare program, Social Security Administration.....		100	375
Foreign grants.....	601	600	800
Internal audits.....	35	70	103
Total.....	4,437	7,000	8,643

Audit workload indices

HEW activities	Fiscal years		
	1966	1967	1968
Number of Department headquarters activities.....	21	21	21
Number of Food and Drug Administration district offices.....	18	18	18
Number of Public Health Service installations.....	656	660	660
Social Security Administration:			
Number of regional offices.....	11	11	11
Number of payment centers.....	6	6	6
Number of district offices.....	638	652	655
Number of OASDI beneficiaries.....	21,739,000	23,509,000	24,334,000
Number of OASDI benefit payments (in millions).....	\$19,792	\$20,809	\$21,893
Medicare program:			
Hospitals ¹		200	185
Medical insurance companies.....	125	150	150
Number of extended care facilities ¹			150
Number of home health agencies ¹			40
Number of group practice plans.....			26
Total medicare payments (in millions).....		\$3,256	\$3,745
Universities, profit and nonprofit organizations: ²			
Office of Education:			
Number of professional associations.....	250	250	250
Number of universities and colleges.....	1,800	2,000	2,200
Number of fellowships.....	6,000	7,500	35,000
Number of contracts.....	1,800	2,000	2,500
Number of training grants.....	900	1,000	1,200
Number of students participating:			
Student loan program.....	400,000	400,000	450,000
College work-study program.....	150,000	175,000	250,000
Guaranteed loans (in millions).....			\$1,700
Public Health Service:			
Number of institutions receiving grants and contracts.....	2,200	2,400	2,800
Number of research grants.....	15,700	15,700	16,200
Number of training grants.....	6,000	6,400	7,400
Number of fellowships, traineeships, and career awards.....	5,600	5,600	7,600
Number of contracts.....	1,000	1,500	2,150
Number of project grants.....	385	425	2,600
Number of scholarship grants.....	100	3,500	4,000
Number of students participating in—			
Health profession student loans.....	18,500	26,000	25,000
Nursing student loans.....	16,900	23,000	43,000
Administration on Aging: Number of institutions receiving grants.....	30	65	130
Vocational Rehabilitation Administration:			
Number of institutions receiving grants.....	460	500	435
Number of research and demonstration grants.....	200	225	465
Number of training grants.....	1,800	1,800	1,000
Welfare Administration:			
Number of research and demonstration grants.....	390	510	170
Number of training grants.....	900	1,000	1,400
State and local agencies (number of agencies): ²			
Administration on Aging.....	40	54	54
Office of Education:			
Local school districts participating in title III, Elementary and Secondary Education Act.....	700	10,000	25,000
State agencies.....	208	151	151
Construction projects.....	300	1,000	1,800
Social Security Administration:			
State public health agencies.....	54	54	54
Disability determination agencies.....	56	56	56
Public Health Service:			
State agencies (includes State health agencies serving Children's Bureau, Welfare Administration).....	130	164	164
Construction projects.....	2,000	2,100	1,300
Vocational Rehabilitation Administration: State agencies.....	84	84	91
Welfare Administration—Child Welfare Service, Welfare Administration:			
State agencies.....	62	62	62
County welfare agencies ³	2,000	2,000	2,000
Surplus property utilization.....	54	54	54

¹ Represents institutions estimated to be subject to direct audit. Excludes approximately 6,300 hospitals, 2,700 extended care facilities, and 1,200 home health agencies which will be audited by intermediaries. The HEW Audit Agency will review the audit reports produced by the intermediaries at the time of audit of the intermediaries.

² Many institutions and State and local agencies are duplicated among HEW operating agencies awarding grants.

³ Welfare Administration (State and local agencies). Represents number of local agencies in decentralized States requiring local audits. Expenditures and documentation of Federal funds at local level.

New positions requested, fiscal year 1968

Financial management	Grade	Annual salary
1. Division of Budget:		
Budget analyst.....	GS-14	\$15, 106
Do.....	GS-13	12, 873
Do.....	GS-12	10, 927
Secretary.....	GS-7	6, 451
Clerk-stenographer.....	GS-6	5, 867
Subtotal (5 positions).....		51, 224
2. Division of Grants Administration Policy:		
Grants administration policy specialists (2).....	GS-14	30, 212
Cost advisory and negotiation specialist (4).....	GS-13	51, 492
Clerk-stenographer (2).....	GS-5	10, 662
Subtotal (8 positions).....		92, 366
Subtotal, financial management (13 positions).....		143, 590
Audit agency:		
Supervisory auditor (7).....	GS-14	105, 742
Auditor (13).....	GS-13	167, 349
Auditor (30).....	GS-12	327, 810
Auditor (29).....	GS-11	267, 409
Auditor (9).....	GS-9	71, 613
Auditor (15).....	GS-7	106, 350
Auditor (14).....	GS-5	86, 954
Clerk (7).....	GS-4	33, 432
Subtotal, audit agency (124 positions).....		1, 166, 659
Total new positions, all activities (137 positions).....		1, 310, 249

INTRODUCTION OF ASSOCIATES

Senator HILL. Mr. Kelly, are you going to tell us about your salary now and about salaries and expenses of the Office of the Comptroller?

Mr. KELLY. Mr. Chairman, I have these new members of my staff with me—Mr. John Mallen who has just been appointed Director of the Audit Agency, Jim Thompson retired and John who had been his deputy has succeeded him.

Also, last year you created a new post of Director of Grant Administration Policy and Mr. Carol is in this position and doing an able job. Mr. Leonard is serving as executive assistant to me. He keeps me out of trouble and when I get into trouble you can blame him instead of me.

Senator HILL. He does your work for you?

Mr. KELLY. That is correct.

PREPARED STATEMENT

Mr. Chairman, I know you have a lot of items to cover and I got carried away in writing the statement. It is 12 pages and, if I might, I will highlight it.

Senator HILL. I thought you spent most of your time in writing the Under Secretary's statement.

Mr. KELLY. The reason I wrote such a long statement is that normally when you talk about a budget item you talk about it being a modest increase and I am not against economizing. This request is a big increase, but I think it is modest in proportion to the problem and I would like to persuade you it is worthy of support.

NEWLY CREATED APPROPRIATION

This is the first time we have presented the Department's budget for financial management as one total entity to you in a separate appropriation.

This activity covers the following: The preparation and administration of the Department's budget; the conduct of audits of the vast number of institutions that are the recipients of grants, cost reimbursement contracts, and medicare expenditures as well as the operations of the Department in the widespread installations and offices which are engaged in the administration of the several programs; the development of improved and more nearly uniform policies and procedures governing the administrative and financial management of the many types of grants; the review, negotiation, and establishment of indirect cost rates for grant recipients to govern reimbursements to grantees by each of the Department's operating agencies; the design of and staff leadership to an accounting and reporting system which will strengthen the management and control of the Department's funds and resources.

And, in addition to the activities funded from this appropriation, there is operated on a fee-for-service basis a Data Management Center that includes Office of Secretary and departmental accounting operations, a central payroll system for the entire Department and a computer facility to serve our needs and provide services to Department activities in downtown Washington.

Since appearing here last year, when we were in the process of organizing these activities in this way, we have made what I believe to be substantial progress.

DATA MANAGEMENT CENTER

Senator HILL. Speaking of computer progress, are your machines up to date?

Mr. KELLY. Well, this one is not the most recent. It is what is known as a second generation set of computers. We have delivered a new computer that has much more modern adaptability than we had before. It is servicing the Office of Education with capabilities that had not heretofore existed in the Department.

In a single statement we cannot do justice to a full accounting of our stewardship, but we can highlight some accomplishments and plans which we find encouraging.

AUDIT AGENCY

A little over a year and a half ago we organized a Department Audit Agency. This consolidated several audit efforts located throughout the Department.

We found the status of audit was almost hopelessly in arrears, particularly at colleges and universities. The quality of the work produced had deteriorated and many of the authorized positions were vacant.

We have recruited a professional staff that fills substantially all authorized positions.

Senator HILL. Why were these positions vacant? Couldn't you get people?

Mr. KELLY. In a sense by having responsibilities fragmented and spread around throughout the Department, the problem had not been given the same kind of attention you give it when you treat it as a professional organization.

Senator HILL. Which you are doing now?

Mr. KELLY. Yes, sir.

INTENSIVE TRAINING PROGRAM

We have arranged for an intensive training program of 2 weeks' duration and put the entire professional staff through it 25 at a time. Now we have only two more sessions to go to complete it within the next 6 weeks.

AUDIT GUIDES AND COMPREHENSIVE REVIEWS

We have developed tentative audit guides for each of our programs and type of institution. We have shifted from a limited fiscal audit on a grant-by-grant basis to a more comprehensive review of an institution's overall management, internal controls, and checks and balances.

AREA CONCENTRATION AND COOPERATION WITH DEPARTMENT OF DEFENSE

We have scheduled the extent of coverage possible with available staff. We have concentrated on areas of greatest potential problem. We have developed a cooperative arrangement with the Department of Defense whereby they extend their audits at approximately 300 universities to cover HEW expenditures thus avoiding multiple Federal auditors going down the same road.

UTILIZATION OF INSTITUTIONAL AUDIT MACHINERY AND ACCOUNTANTS

We are engaged in discussions with the American Institute of Certified Public Accountants, colleges and universities, States, and organizations representing their interests, with a view toward expanding the use of their internal audit machinery and the use of their public accounting firms with a resultant decrease in our workload.

Senator HILL. That would save you quite a bit?

Mr. KELLY. Yes, and I think it would offer both the grant recipients a much greater degree of managerial attention to their problems and it would offer the Federal Government much greater protection in the use of funds.

We will never have a large enough force to cover the tremendous number of institutions that utilize our Federal funds. We have worked out a plan along these lines for the audit of providers, such as hospitals and nursing homes, which are reimbursed under medicare.

VOLUNTARY ARRANGEMENTS WITH UNIVERSITIES AND COLLEGES

We are experimenting with a voluntary arrangement with colleges and universities that administer student loan and work study programs.

Strengthening the machinery at the State level in the audit of programs involving Federal financial participation is a major objective in the coming year.

PREVENTIVE ACTION AND PROSPECTIVE IMPROVEMENT

Our primary objective is not punitive but constructive. We review past experience to identify areas in need of improvement and to serve as a basis for perfecting such programs. Our actions should be focused on preventive action and prospective improvement in management.

WORKLOAD

The workload this year involves approximately 7,000 separate audit reports. We are developing a system for processing these audit reports processed at the regional office level as quickly as possible while at the same time for the information of top management we are endeavoring to consolidate the findings by programs and type of problem because they will never be able to look at 7,000 audits.

PERSONNEL INCREASE

Mr. Chairman, the budget recommends a substantial increase in staff for the HEW Audit Agency. The requested increase is for 124 positions and \$1,595,000, which includes \$440,000 for expansion of review by the Defense Contract Audit Agency.

Senator HILL. Did you get the extra positions?

Mr. KELLY. Yes, sir, they are in the budget.

This amounts to a 31-percent increase. We would not ask for such a large increase if it were not absolutely necessary.

On the other hand, we would have requested a much larger increase were it not for the need to restrain growth to the number which it is reasonable to expect can be recruited, trained, and absorbed into the organization and still maintain a productive organization.

The audit needs, for the vast sums and wide dispersion of their use, exceed by any test the plans we are presenting. It is our view, however, that the budget plan for direct audits—together with our efforts to supplement and extend these efforts by increased reliance upon public accounting audits and internal audits of the grantee institutions—will improve the current status of review and control.

CONTINUING EXPANSION

It is going to take several years. Over the next several years a continuing expansion along these lines should result in a highly competent professional audit organization.

It should be possible to restrain it to manageable portions and the resultant combined audit efforts of the grantee institutions, their public accounting firms, and our staff should offer reasonable assurance that the funds are used for the purposes for which they were made available and the audit should serve as a useful tool for improving operations.

GRANT ADMINISTRATION

Mr. Chairman and members of the committee, last year you authorized a small staff to engage in studies and coordination efforts to

bring about better and more uniform administrative and fiscal policies and procedures in the administration of the many grant programs carried out by HEW.

I feel that this activity hit the jackpot. I feel we have made very substantial progress.

Senator HILL. You think it was good.

Mr. KELLY. I do.

We have been fortunate in putting together a first-class staff. We have developed effective relations with the grants administration staff in each operating agency. We have developed good liaison with associations representing colleges, universities, medical schools, hospitals, States, and State agencies.

We have also developed working relationships with other departments and agencies with common interests.

ESTABLISHMENT OF ADVISORY COMMITTEE

We organized an advisory committee consisting of 10 public members and 5 department officials. The public members include representatives of each type of grantee agency and institution, represent various disciplines and types of position and constitute a good cross section of the country.

This advisory committee will bring to us the problems and views of the program administrators from the grantee viewpoint. It will give us an opportunity to obtain an informed reaction to new requirements and planned changes in requirements.

It will provide us with studies and recommendations designed to improve our grant administration.

COST-SHARING STUDIES

We have made studies and issued instructions on cost sharing, an institutional approach to cost sharing, and time and effort reporting.

We have issued a guide to the preparation of indirect cost proposals for colleges and universities. We will shortly introduce companion guides for hospitals, for nonprofit institutions, and for State agencies. These should prove very helpful in clarifying responsibilities and removing the confusion that has plagued this area.

ACCOUNTABILITY IMPROVEMENT

We have put out an explanatory pamphlet on professional time or effort reporting requirements. This should prove helpful in a troubled area. It will not resolve the more basic problems raised by faculty. We are, however, studying this area with a view toward a more fundamental resolution of alternative approaches to accountability of professional salary costs supported by research grants.

UNIFORM ADMINISTRATIVE REQUIREMENTS RE CONSTRUCTION LOANS AND GRANTS

We have participated in studies designed to simplify and make more uniform our administrative requirements in construction loans and grants. We are in process of publishing a simplified and uniform expenditure report form for use by grantees in connection with research grants.

INDIRECT COST NEGOTIATIONS AND DETERMINATIONS

Among the items that we ran into that were most difficult related to the handling of indirect cost negotiations. Following meetings with all of the people in the department involved in negotiations, and it was agreed that we ought to pull together a single staff and put it into this grant administration organization, and we have done so.

The staff engaged in the conduct of this function were transferred to the staff of the Grant Administration Policy Division. This committee was notified of the change. This is a huge and important task. It involves the establishment of a rate each year for 2,600 institutions. We are asking for an increase of eight positions in order that we can cope with this workload on a current basis.

ACCOUNTING

With respect to accounting, Mr. Chairman, we are pleased to say that since we were here last year we made substantial progress.

PROPOSED DEPARTMENT-WIDE ACCOUNTING SYSTEM

We have just submitted to the Comptroller General our plan for a Department-wide accounting system. We are seeking his approval or advice and assistance for improvement leading to approval.

The system we have developed is in the nature of an umbrella system. It prescribes the policy and procedure to govern all accounting activities carried on within the Department.

It adopts and applies the principles and requirements laid down by the Congress, General Accounting Office, Treasury Department, and the Bureau of the Budget. It prescribes a chart of accounts covering assets, liabilities, income, and expense to be uniformly applied.

It establishes a uniform numbering system to facilitate departmental consolidation of reports and consistent, coordinated handling of transactions and reports.

The system assures accountability for assets, a business approach to cost and accrued liabilities, as well as the traditional approach to control of appropriations and accounting for expenditures.

Within this overall or umbrella system, each operating agency will constitute a subsystem. Each subsystem will conform to the overall plant but may provide for greater detail as needed.

SUBSYSTEMS

The subsystem will prescribe the detailed procedures and reports, the cost centers, and activities that serve the needs of that operating agency.

We are just completing the design of the first subsystem. This is an automated system which covers the Office of the Secretary, certain Department-wide funds and certain operating agency offices which this unit serves.

It is a modern system. It is a system which is about to enter into parallel operations with the manual system and we expect to be fully operational before July 1. We will shortly submit this system to the Comptroller General for approval.

Similar progress is being made elsewhere in the Department particularly in the Public Health Service which has made very substantial progress in the redesign and improvement of their accounting systems.

Senator HILL. They have quite a problem?

Mr. KELLY. Yes, they are probably the largest and most complex of any I know of.

SYSTEM REVIEW BY ACCOUNTING FIRM

We have also employed a firm on a small contract to take over review of the Department's accounting system to make sure we can provide adequate accounting support for the new planning, programing, and budgeting system so that we can design a system of reporting to top management that is meaningful, timely, and accurate and to approach the problem of how to design improved reporting systems from grantees that will give us timely knowledge of the myriad of details that are being carried on at institutions all over the country.

PAYROLLING

Mr. Chairman, there is one item here we are not happy about and that is with respect to payrolling. Several years ago we centralized and automated all of the payroll activities. This has caused problems and we experienced difficulties in the transition to a centralized automated system.

TRANSITORY PROBLEM AREAS

These problems appeared to be transitory. The number of reported and detected errors dropped appreciably. However, when widespread use of overtime and increased staff related to the inauguration of the health insurance program occurred, it put the central payroll system to a test and it did not pass it with flying colors.

Senator HILL. It did not.

Mr. KELLY. The error rate shot up and they are unacceptable levels and identified weaknesses in the system which must be corrected.

SYSTEM REVIEW BY SOCIAL SECURITY ANALYSTS

We believe we are over the hump. The error rate has begun to decline to the level which we had earlier achieved; however, the potential for the problem remains. To cope with this, we borrowed a group of talented analysts from the Social Security Administration to review our operations and system and recommend both short-term and long-term solutions.

The study was short but intensive. They have provided a series of recommendations which will provide a systematic basis for improvement. We have already taken a series of steps, 10 or more, which move in the direction of the study recommendations. We are studying each suggestion and putting improvements into effect as quickly as we can.

INADEQUATE MANAGEMENT AND SUPERVISION

Principal among the findings was the conclusion of inadequate management and supervision. This we have moved to correct. I still

believe that the decision to centralize the payroll was a wise one. I think the problems are of a managerial nature and correctible. I think we are on the road to accomplishing them.

BUDGETING

The last item covered in our office, Mr. Chairman, is the budgeting field, and I don't think I have to emphasize to the committee the importance, size, and complexity of the Department's budget.

It is our responsibility to direct the Department-wide system for the preparation of these estimates and to assist the Secretary in reaching a decision and, as you know, Mr. Cardwell, who has responsibility for it—they have done a marvelous job in taking over.

PERSONNEL REQUISITE

In summary, the budget request is 595 positions and \$7,833,000, which is an increase of 137 positions and \$1,795,000, an increase preponderantly in HEW's Audit Agency consisting of 124 of those positions—an additional five for the Budget Division and an additional eight for the Grant Administration Policy Division.

Mr. Chairman, I think this staff will more than pay for itself and I urge your favorable action and believe it will help you and me sleep better if you approve it.

Senator HILL. Well, you have given us a wonderful statement as you always do. We appreciate it. Anything you gentlemen want to add? We appreciate it, Mr. Kelly.

Thank you very much.

SALARIES AND EXPENSES, OFFICE OF ADMINISTRATION

STATEMENT OF DONALD F. SIMPSON, ASSISTANT SECRETARY FOR ADMINISTRATION; ACCOMPANIED BY ROBERT C. COULTER, EXECUTIVE OFFICER, OFFICE OF THE SECRETARY; AND JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER

APPROPRIATION ESTIMATE

OFFICE OF ADMINISTRATION, SALARIES AND EXPENSES

For expenses necessary for the Office of Administration, \$2,547,000, together with not to exceed \$271,000 to be transferred and expended as authorized by section 201(g) (1) of the Social Security Act from any one or all of the trust funds referred to therein.

Amounts available for obligation

	1967	1968
Appropriation.....		
Transfer from social security trust funds.....		\$2, 547, 000
Comparative transfer from—		271, 000
Salaries and expenses, Office of the Secretary.....	\$1, 824, 000	
Trust funds.....	239, 000	
Salaries and expenses, Office of Field Coordination.....	429, 000	
Trust funds.....	32, 000	
Total.....	2, 524, 000	2, 818, 000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
I. Administrative management:						
1. Assistant secretary-----	5	\$84,468	5	\$84,168	-----	-\$300
2. Executive office-----	25	286,050	31	346,440	+6	+60,390
3. Management planning-----	17	210,721	25	277,141	+8	+66,420
4. Management consultation-----	6	81,502	8	116,062	+2	+34,560
5. Personnel management-----	31	433,572	37	494,852	+6	+61,280
6. Internal security-----	15	177,553	15	176,953	-----	-600
7. General services:						
Library-----	40	339,252	43	359,482	+3	+20,230
Other-----	40	489,882	44	529,902	+4	+40,020
Subtotal-----	80	829,134	87	889,384	+7	+60,250
Total, Activity I-----	179	2,103,000	208	2,385,000	+29	+282,000
II. State merit systems-----	36	421,000	36	433,000	-----	+12,000
Total obligations-----	215	2,524,000	244	2,218,000	+29	+294,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions-----	215	244	+29
Full-time equivalent of all other positions-----	3	6	+3
Average number of all employees-----	186	203	+17
Personnel compensation:			
Permanent positions-----	\$2,003,000	\$2,194,000	+\$191,000
Positions other than permanent-----	13,000	34,000	+21,000
Other personnel compensation-----	49,000	49,000	-----
Total personnel compensation-----	2,065,000	2,277,000	+212,000
Personnel benefits-----	157,000	171,000	+14,000
Travel and transportation of persons-----	31,000	29,000	-2,000
Transportation of things-----	5,000	7,000	+2,000
Rent, communications, and utilities-----	34,000	56,000	+22,000
Printing and reproduction-----	28,000	34,000	+6,000
Other services-----	99,000	120,000	+21,000
Supplies and materials-----	59,000	62,000	+3,000
Equipment-----	46,000	62,000	+16,000
Total obligations by object-----	2,524,000	2,818,000	+294,000

Summary of changes

1967 enacted appropriation-----	
Comparative transfers from—	
“Salaries and expenses, Office of Secretary-----	\$1,824,000
trust funds”-----	239,000
“Salaries and expenses, Office of Field Coordination-----	429,000
trust funds”-----	32,000
1967 total estimated obligations-----	2,524,000
1968 estimated obligations-----	2,547,000
Transfer from social security trust funds-----	271,000
Total change-----	+294,000

1092 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

	Base		Changes from base	
	Positions	Amount	Positions	Amount
INCREASES				
A. Built in:				
1. Annualization of new positions authorized in 1967.....				\$48,900
2. Increased pay costs.....				12,000
Subtotal.....				60,900
B. Program:				
1. Assistant secretary.....	5	\$84,468		
2. Executive office.....	25	286,468	6	61,190
3. Personnel management.....	31	433,572	6	47,680
4. Management consultation.....	6	81,502	2	23,260
5. Management planning.....	17	210,721	8	67,120
6. Internal security.....	15	177,553		
7. General services:				
Library.....	40	339,252	3	17,330
Other.....	40	489,882	4	31,120
Subtotal.....	80	829,134	7	48,450
State merit systems.....	36	421,000		
Total, program increases.....			29	247,700
DECREASES				
Nonrecurring costs of equipment and 1 less paid day in 1968.....				-14,600
Total, net changes requested.....			29	+294,000

EXPLANATION OF CHANGES

Program increases of \$247,700 and 29 positions are requested for 1968 for the Office of the Assistant Secretary for Administration. These increases are necessary to meet increasing workloads, to strengthen current programs, and to develop and implement new approaches to cope with the growing size and complexity of the Department. The increases are discussed below:

Administrative management

1. *Executive Office.*—An increase of six positions is requested for this office. The request provides three additional positions for the personnel division and three for general administrative and financial management activities, to meet the increased workload arising from the continued growth of the programs and staff of the Office of the Secretary.

2. *Management Planning.*—An increase of eight positions is requested to strengthen this office. These positions are needed to review and analyze the growing number of detailed proposals for organizational changes; to assist in the development of better standards and guides for utilization and management of ADP equipment, which now totals 50 computers at 15 locations; and to strengthen programs for improved paperwork management.

3. *Management Consultation.*—An increase of two professional positions is requested for this area. These additional professional positions are needed to augment the initial staff of six in providing advice and assistance in improving methods and techniques of planning and policy development; in the development of methods for more effective quality control, and in designing improved systems and techniques for management appraisal.

4. *Office of Personnel and Training.*—An increase of six professional positions is requested for this office. Special effort must be given to the recruitment and development of promising people if the Department is to meet its many varied responsibilities and to overcome its competitive disadvantage in relation to non-Government employment.

5. *General Services.*—An increase of seven positions is requested for the General Services area. Three of the requested positions are for the Department Library and four are for the General Services area to strengthen procurement activities and to meet increased demands for information regarding HEW programs.

Explanation of transfers

	1967 estimate	1968 estimate	Purpose
Comparative transfer from: Salaries and expenses, Office of the Secretary----	\$2,063,000	\$2,357,000	Reflects revision in appropriation structure, which consolidates administrative functions in a new, separate appropriation.
Salaries and expenses, Office of Field Coordination.	461,000	461,000	

The Fiscal Year 1968 request for the Office of the Assistant Secretary for Administration provides for \$2,818,000 and 208 positions. This represents an increase of \$294,000 and 29 positions over the Fiscal Year 1967 level. Of this increase, \$46,300 is for net built-in costs from prior years and \$247,700 is for 29 new positions for Administrative Management. This appropriation, which is new this year, provides funding for the Office of the Assistant Secretary for Administration and for the State Merit Systems program, which were previously funded from the Office of the Secretary and the Office of Field Administration appropriations. This revised appropriation structure more clearly reflects the assigned functions within the Office of the Secretary.

General statement—Functions

The Office of the Assistant Secretary for Administration serves as the Secretary's staff for administrative management of the Department and provides administrative management services for all units within the Office of the Secretary. In addition, the Assistant Secretary for Administration is responsible for directing the work of the Offices of Internal Security, State Merit Systems, Surplus Property Utilization, and Defense Coordination. The Office of the Assistant Secretary for Administration provides coordination, leadership, and guidance to the operating agency heads and their staffs in the development and operation of their administrative management activities; analyzes proposed legislation, program plans, and program operations to insure responsible administrative planning; develops and establishes Department-wide administrative management programs, policy, standards, services, and procedures; participates in the creation and administration of the Departmental planning, programming, and budgeting system; assists staff offices and operating agencies in the solution of major organization, management, staffing, and control problems; directs a program of management appraisal; and represents the Department in relationships with the Bureau of the Budget, Civil Service Commission, General Services Administration, and other agencies on administrative management matters.

1. Administrative management

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits:						
Assistant secretary-----	5	\$76,498	5	\$76,198	-----	-\$300
Executive office-----	25	251,000	31	297,790	+6	+46,790
Management planning-----	17	193,521	25	237,891	+8	+44,370
Management consultation-----	6	74,052	8	102,462	+2	+28,410
Personnel management-----	31	401,222	37	451,802	+6	+50,580
Internal security-----	15	165,053	15	164,453	-----	-600
General services-----	80	679,654	87	724,404	+7	+44,750
Subtotal-----	179	1,841,000	208	2,055,000	+29	+214,000
Other expenses-----	-----	262,000	-----	330,000	-----	+68,000
Total-----	179	2,103,000	208	2,385,000	+29	+282,000

General statement—Administrative management

The Office of the Assistant Secretary for Administration is continuing its efforts toward leadership in programs designed to assure maximum administrative effectiveness throughout the Department and to provide responsive assistance to meet the administrative needs of the Secretary and the operating agencies. Effective and economical allocation of the resources of the Department continues to be a matter of particular concern, especially in view of the new and expanding program responsibilities assigned to the Department by the Administration and Congress. All of the new positions requested are needed to permit improvement of either personnel or organizational performance.

Following are examples of activities underway, designed to increase administrative effectiveness:

Development of a new Department-wide effort in career development, the first aspects of which are being implemented in fiscal year 1967 and which is expected to contribute substantially to the effective development and utilization of a number of highly trained and scarce categories of personnel.

Full activation of an Executive Office for the Office of the Secretary, which is improving administrative management services within the Office of the Secretary by concentrating them in a single office in which they constitute the major functional responsibility. This is also improving the ability of the various administrative staff divisions to carry out their Department-wide leadership responsibilities, by relieving them of operating responsibilities within the Office of the Secretary.

Establishment of a management consulting service within the Office of Administration to provide more effective assistance to the operating agencies in the solution of the major management and organizational problems which they face, and to assure more effective development and coordination of management and program data systems throughout the Department.

A survey of administrative management operations in DHEW field establishments designed to develop more efficient and effective methods and organization structure to carry out these responsibilities.

A study of current procedures in processing patent determinations designed to provide the basis for improvements in the handling of this important problem.

Establishment of a General Services Administration retail store to provide common supply items to departmental headquarters offices to improve the effectiveness and reduce the cost of this necessary supply operation.

Executive office (6 new positions)

This office, which became operational in fiscal year 1967, was established to provide improvement of the internal administrative management of the Office of the Secretary, and to ensure the timely availability of adequate resources. The office supports all units in the Office of the Secretary by participating in the planning and development of administrative management programs, policies and procedures; formulating and executing the budget, and controlling expenditure of funds; planning and administering a comprehensive personnel management program (and administration of a personnel management program for the Administration on Aging and certain elements of the Welfare Administration); providing general administrative services support; and analyzing and solution of organization and management problems.

Examples of activities being undertaken by this office, in addition to usual day-to-day activities in administrative management include:

(1) Participation with the Office of the Assistant Secretary, Comptroller, in planning and implementing a reorganization of the Data Management Center to provide an organizational structure that will permit a more efficient operation of the Center;

(2) Leadership in planning and carrying out a supervisory training program for all supervisors in the Data Management Center;

(3) Development of a summer internship program in the Office of the Secretary designed to attract outstanding students to careers in the Federal Service;

(4) Provision of staff support to several of the Career Service Boards.

The addition of new substantive program responsibilities in the Office of the Secretary, for example the Center for Educational Cooperation, is increasing the

workload of the Executive Office. The workload problem is further intensified by the growth in size of staff in the Office of the Secretary. During the current year, the personnel staff of the office, consisting of 10 positions, is servicing a total of 1,750 positions. This is considerably in excess of the standard 1:135 ratio of personnel workers to positions serviced. In 1968 the number of positions to be serviced is expected to rise to 2,246, while only 3 additional positions are requested for the personnel staff. Similar workload conditions exist through the balance of the Executive Office.

The positions requested will be utilized to handle the anticipated workload increase resulting from growth of the entire organization and to improve existing services by provision of a staff of adequate size to meet the demands placed upon this office.

Office of Management Planning (8 new positions)

The Office of Management Planning serves as the principal advisor to the Secretary on problems of organization and management. The Office conducts management studies and surveys, reviews and analyzes proposals for changes in organization, administers the Department's paperwork management program, the Department's committee management program, the suggestion system, and the management improvement program.

The continuing expansion of the programs and staff of the Department has resulted in increased demands for staff assistance to the Secretary in order to provide for needed study of organizational structure and management systems, procedural matters, and development of Department-wide management improvements. Adequate analysis of organizational proposals made by the operating agencies is necessary to permit sound decisions affecting the long-range structure and effectiveness of the Department. The areas which most need additional attention are those of organization studies and problem-solving management surveys, data processing systems review, and paperwork management.

The recent and continued expansion of the programs and activities of the Department creates an increased need for review and appraisal of organization structure and management systems and for the development and application of modern management methods and techniques to insure the continued revitalization of departmental organization. All of the major agencies of the Department have been completely reorganized in the past two years. There is still further need for reorganization to enable the Department to effectively administer the many new programs assigned to it. The Office of Management Planning serves the Secretary in monitoring these organization changes, reviewing and analyzing the detailed proposals. Four additional positions are needed in order that this responsibility may be adequately met.

The increased use of data processing systems requires the development of better standards and guides for utilization and management of ADP equipment. Present staffing permits only one senior analyst to work part-time on the departmental-level review and appraisal of systems studies and equipment procurement proposals submitted by the staff offices and operating agencies. The Department now has in operation more than 50 computers at 15 locations. New applications for this advanced technology are continually being developed. The Office of the Secretary has a responsibility for ensuring the effective and efficient management of this tremendous investment. Two additional professional positions are required to provide sufficient staff to carry out this important responsibility which is accentuated by a continuing increase in workload.

Related to this are the needs for improved paperwork management. Improved methods of records management and paperwork control are needed. Problems of paperwork management need to be solved through greater use of magnetic tapes and related methods of data and records storage, for greater economy and efficiency. Two additional positions (1 professional and 1 clerical) are needed for this effort.

Management consultation (2 new positions)

The Management Consulting Service was established during the second quarter of fiscal year 1967 by the transfer of six positions from the Office of Management Planning. This Service is designed to provide, upon request, a high level of expertise, advice, and assistance on operations, organization, and management problems to top staff officials and heads of operating agencies throughout the Department.

The staff will assist in the design and improvement of management systems, and in the conduct of management surveys and studies to: improve methods and

techniques of planning and policy development, develop methods for more effective quality control and design improved systems and techniques of management appraisal. Two additional professional positions will be needed to meet the anticipated demands for this consultation service.

Office of Personnel and Training (6 new positions)

This office is the principal staff element of the Department with respect to the planning, formulation and implementation of Department-wide personnel management policies, programs, standards and systems. It provides Department leadership in the establishment of positive and aggressive programs including recruitment, career development and employee-management relations.

During fiscal year 1967, the Office of Personnel and Training launched a comprehensive program to improve career development throughout the Department. A Task Force was organized to undertake a thorough review of the principal functions and processes associated with career development (man-power planning, recruitment and selection, training, performance appraisal, career counseling, placement, program evaluation and research, records and reports, and administration and finance). The Task Force is reviewing current practices, exploring the state of the art within and outside Government, and submitting recommendations for improvement. A number of Career Service Boards were established to organize Department-wide "Career Services" for major occupational groups. The developmental work of these Boards will continue into fiscal year 1968 and other Boards will be established as the new program evolves. Further expansion of the program to improve career development is planned for fiscal year 1968. This will place additional demands on the staff of the Office of Personnel and Training and will result in a considerable increase in workload.

The workload requirements generated by the career development program together with the requirements of other new projects programmed for fiscal year 1968 will increase the staffing needs of the Office of Personnel and Training by six positions.

Specific areas requiring increased emphasis and additional staffing are as follows:

Development of Department career development policy, monitoring the administration of career in the various occupational fields, and provision of staff support to the Department Career Development Council and the DHEW Task Force on Career Development and the several Career Service Boards.

Improvement in manpower planning, recruitment and placement programs, more effective coordination of recruitment and staffing efforts, including Department-wide implementation of the CSC Executive Assignment System.

2 Personnel Management Specialists, GS-13.

Staff development through the operation of a series of Department-wide middle management institutes, and executive seminars and management intern programs, and promotion of cross-utilization of operating agencies' training facilities and resources for this purpose.

2 Employee Development Officers, GS-13.

Improvement of employee-management relations through more effective policy guidance, procedural instructions and direct assistance to operating agencies in such areas as employee-management cooperation Equal Employment Opportunity, grievances, appeals, adverse actions, and suitability and fitness-for-duty problems; and program evaluation.

2 Personnel Management Specialists, GS-13.

Office of Internal Security

The Office of Internal Security has responsibilities for assuring that all employees employed throughout the Department in sensitive positions are of good character and loyal to the United States. All security clearance investigations within the Department are handled through this Office. It also furnishes guidance and instructions to operating units on the safeguarding of information and materials requiring protection in the interests of national defense.

In addition, the Office is the principal liaison contact with the Federal Bureau of Investigation and other security and intelligence agencies; it receives investigative data in both sensitive and non-sensitive position cases and reviews and evaluates the investigative data as to the security, subversive and/or loyalty aspects. Suitability and misconduct matters are brought to the attention of the

employing Operating Agency for action under personnel or administrative procedures.

The Office is the central repository and controls all investigative files and records relating to security, loyalty, and subversion for the more than 100,000 departmental employees. The number of investigations requested by the Office of the Secretary and Operating Agencies to be handled by Office of Internal Security personnel has increased from approximately 4,000 in 1962 to over 8,000 in 1966. Investigative matters to be handled under the Government's personnel investigative and security programs within the framework of Executive Order 10450 have more than doubled in the past five years. In 1968, it is anticipated that full-field investigations processed by the Office will rise to 925—more than doubling within two years—and that national agency checks will total some 10,000 as compared to 8,250 in 1966.

Thus, for fiscal year 1968, substantial increases in security and investigative cases will result from the continuing expansion of departmental and operating agency international and domestic programs where investigations are conducted in connection with the selection process. In addition, the continued expanding needs of the Public Health Service, coupled with Department of Defense calls for medical and dental personnel, will result in increased number of investigations for the Public Health Service Commissioned Corps. It is hoped that mechanization of some of the record-keeping processes, now being planned, will partially offset the impact of additional workload. No additional positions are requested for this office for fiscal year 1968.

Office of General Services (7 new positions)

The Office has largely staff responsibilities, although retains some operational duties. Staff responsibilities include development of Department-wide policies, procedures, and standards to assure the most effective and economical management of real and personal property, procurement, safety, printing, communications and library services. Operational responsibilities include those service activities in which efficiency and economy can be achieved through consolidated operations such as space acquisition and management, library, and telephone and telegraph.

The growth of the Department has resulted in substantially increased growth in purchasing and contracting activities. This has created the opportunity to obtain large savings through better procurement management. Procedures, standards, and operational reviews are the basic tools. Thus, for example, equipment purchase standards assure that equipment having the greatest utility at the lowest cost is procured; procedural development establishes criteria for determination of the reasonableness of purchase quantities; and review assures the adequacy of procedures and standards and also assures uniform compliance with established procedures and standards. In order to enable the professional staff to concentrate on activities that will promote greater efficiency and savings, one clerical position is requested.

One professional procurement specialist is requested in order to meet increased workload and to increase the opportunities for economy and savings by developing improved procedures and standards for procurement and contracting.

The tremendous expansion of services available to the public has created, as would be expected, a very considerable increase in demands from the public for information—both by phone and mail—about HEW programs. Telephone inquiries have increased by 50 percent and mail volume by 11 percent. By streamlining operations and working out new delivery patterns with the post office we have so far been able to keep ahead of the increase in the mail room volume.

Although systems improvements will help relieve some of the increased telephone inquiry workload, one additional inquiry and information clerk will be necessary. A substantial volume of requests from the public are for publications. The pattern of increase here shows almost 50 percent more requests in fiscal year 1966 over fiscal year 1965. To handle the increased workload of providing State agencies, private groups and the general public with requested material regarding HEW programs will require one more clerk in fiscal year 1968.

The tremendously heightened interest in the social sciences that has been generated by Great Society programs has resulted in an equally tremendous increase in the amount of material published in the field. Although the Department has consolidated its headquarters library to increase its usefulness and efficiency and to reduce costs, the sheer increase in the volume of material that must be accessioned, cataloged and made available to the professional staff of the Department is more than can be handled by existing Library personnel.

The workload for fiscal year 1968 is expected, at the current rate of increase, to exceed that of fiscal year 1967 by over 9,000 copies and will require a minimum of 2 additional cataloguers and one clerical position.

2. State merit systems

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	36	\$381,000	36	\$393,000		+\$12,000
Other expenses.....		40,000		40,000		
Total.....	36	421,000	36	433,000		+12,000

General statement—State Merit Systems

The Office of State Merit Systems serves the Department's grants-in-aid programs. It assures compliance with statutory and regulatory merit system requirements for State personnel administration and assists the States in achieving more effective administration of grant-in-aid programs in which over 80% of the administrative expenditures are for personnel services. The program served include the various public health, mental health, and public assistance programs, including medical assistance and work experience and training, the child health and welfare programs, vocational rehabilitation and State disability determination, and aging. Merit system requirements apply to 70 State merit systems and over 300 State agencies administering the grant programs.

These functions, performed at one time by units in the offices making the grants-in-aid, are consolidated for purposes of economy and better coordination. By inter-departmental agreement, the Office performs the same functions for the Bureau of Employment Security of the Department of Labor and for the Office of Civil Defense of the Department of Defense. These arrangements prevent duplication of Federal work, minimize costs and avoid duplication of contracts with State agencies.

The Office has two major objectives: (1) to assure that the personnel plans and practices under which State grant-in-aid programs operate are in substantial compliance with the personnel standards established under Federal law and regulations; (2) to assist State grant-in-aid programs to achieve economy and efficiency of operations through review and consultation on personnel administration, and by furnishing technical materials requested by States.

State plans for personnel administration requiring review and action include new and changing position classification and pay provisions, and new or amended State laws, rules and regulations relating to such matters as the merit system organization, exemptions from merit system requirements, nondiscrimination, recruitment, examinations, appointments, promotions, separations and appeals, and annual merit system budgets.

In response to State requests, the Office provides essential technical services on personnel administration to the State agencies. It furnishes advice to the Federal program units in respect to compliance and fiscal exceptions. Frequent changes in merit systems staffs and in State agency personnel offices make such technical assistance particularly important. The services include clearing house services for the exchange of information about personnel practices among the States, and technical training assistance through consultation and through training conferences held in response to State requests. To prevent duplication of effort in the States and thus minimize expenditures, State-Federal cooperative projects are conducted to develop written test materials on request, for key jobs common to many States. One of the services is a semi-annual survey of State pay rates in the various programs for selected key jobs that are determined to be roughly comparable from State to State. Draft job specifications are made available in professional, technical and auxiliary occupations. Salary levels are reviewed to recommend appropriate rates.

Reviews of State personnel operations are conducted by regional staff. These reviews consist essentially of a sample review and analysis of personnel transactions, recruitment efforts and results, examination activity, position classification and pay plan maintenance, separations, appeals, and types and duration of

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appointments made without examination. The findings of the reviews are presented to the grant-in-aid bureaus and the State agencies for such action as may be appropriate.

New positions requested, fiscal year 1968

Administrative management	Grade	Number	Annual salary
Executive office:			
Administrative specialist.....	GS-13	1	\$12, 873
Employee development officer.....	GS-13	1	12, 873
Personnel management specialist.....	GS-12	1	10, 927
Personnel clerk.....	GS-6	1	5, 867
Budget clerk.....	GS-5	1	5, 331
Clerk-stenographer.....	GS-5	1	5, 331
Total.....		6	53, 202
Management planning:			
Management analysts.....	GS-15	2	35, 100
Do.....	GS-14	2	30, 212
Management analyst.....	GS-13	1	12, 873
Secretaries.....	GS-6	2	11, 734
Secretary.....	GS-5	1	5, 331
Total.....		8	95, 250
Management consultation: Management analysts.....	GS-15	2	35, 100
Personnel management:			
Employee development officer.....	GS-13	1	12, 873
Personnel management specialists.....	GS-13	4	51, 492
Personnel classification specialist.....	GS-12	1	10, 927
Total.....		6	75, 292
General services:			
Procurement specialist.....	GS-15	1	17, 550
Information clerk.....	GS-5	1	5, 331
Publication clerk.....	GS-5	1	5, 331
Clerk-typist.....	GS-4	1	4, 776
Librarian-cataloger.....	GS-11	1	9, 221
Do.....	GS-9	1	7, 696
Library assistant.....	GS-5	1	5, 331
Total.....		7	55, 236
Total new positions, all activities.....		29	314, 080

MANAGEMENT STRENGTHENING

Senator HILL. Now, Mr. Simpson, "Salaries and expenses."

Mr. SIMPSON. I have a statement which I think might go faster if I insert it in the record and summarize it.

Mr. Coulter and I worked on it a good deal and tried to boil it down as much as we could to hit the more important changes we are introducing to strengthen the management of the Department.

Senator HILL. All right, sir.

(The statement follows:)

This appropriation request covers the broad administrative responsibilities for the Department carried out under the direction of the Assistant Secretary for Administration. The functions which it will support include those designed to strengthen personnel and training services, general management practices, and property and supply management throughout the Department. They also include the provision of library services, administrative services for the Office of the Secretary, State Merit Systems and Internal Security work. I shall briefly describe the more important activities under my direction through which we have undertaken to improve management effectiveness and efficiency throughout the Department.

1. PERSONNEL AND TRAINING

Last year we launched a major new effort to upgrade personnel and training services throughout the Department. Professional, scientific, and technical po-

ple in the fields of health, education, and welfare are in critically short supply throughout the country. Moreover the Department suffers a considerable competitive disadvantage in recruitment and retention of these kinds of people. We must, therefore, provide as fruitful and professionally satisfying work experience as possible if we are to attract and retain a first-class staff.

The new career development program now underway is designed to exploit the great range of scientific and professional interests HEW can offer—opportunities for growth which cannot be matched in any single institution or organization outside the Department. The program is also designed to produce the talented and broadly experienced manpower needed for professional, scientific and managerial leadership of the many new programs assigned to the Department by the 88th and 89th Congress.

The career development program will operate through a series of career service boards (some 35 to 40 will be established, covering all major professional, scientific, technical and administrative disciplines employed in the Department). The boards will be composed of representatives of each discipline or occupational group in the operating agencies and each board will be served by personnel staff drawn from the principal user agency. To date, eleven such boards have been established covering the fields of nursing, social work, education, biomedical science, chemistry, automatic data processing, law, financial management, information, general administrative management, and psychiatry. Other boards are in the formative stages.

In addition, special work groups composed of personnel experts located in our several operating agencies are developing improved methods for personnel management in accordance with the most modern practices in the fields of manpower requirements planning, performance appraisal, counseling and career planning, recruitment, training, and automated recordkeeping and reporting.

To direct this new approach, we have assigned an expert in the field of training and staff development, Dr. William G. Craig, who formerly served as Deputy Associate Commissioner of the Bureau of Higher Education, Office of Education. The work to date is already overtaking personnel staff resources in the Office of the Secretary. A total of six new positions is requested to enable the Office of Personnel and Training to push this program and to mobilize the resources of the Department.

2. STRENGTHENING GENERAL MANAGEMENT PRACTICE

Several measures have been undertaken to strengthen management practice in the operating agencies and the Office of the Secretary. We have placed heavy emphasis on the introduction and full utilization of modern management systems, particularly automatic data processing. Our work in this connection is focused in the recently established Management Consulting Service which, at the request of operating agencies, assists in appraising the efficiency and effectiveness of their operations and in devising organizational and systems changes designed to reduce costs and increase productivity. The Management Consulting Service is already engaged in the development of a major management information system covering grants-in-aid, contract and student loan operations of the Office of Education where efforts are being supplemented through contract services of a private management consulting firm. Similar collaborative studies in development of a management information system for the Public Health Service are underway. The Management Consulting Service is also working with the Assistant Secretary for Education in planning the operating procedures and organizational structure for the proposed Center for Educational Cooperation authorized under P.L. 89-698. Most of the studies and improvements undertaken are expected to be relatively long-term—six months to a year or more in duration. To permit the Service to meet current requests of our operating agencies, we are requesting two additional professional positions.

The review and evaluation of organizational and procedural proposals of the operating agencies is accomplished by the Office of Management Policy, to assure effective coordination of Department activities. In addition, this Office, at the request of the Secretary, has undertaken major studies relating to better organization of the food sanitation and pesticides control responsibilities of the Food and Drug Administration and the Public Health Service and the structuring of management services in the Department's field establishment. It has also made special studies for consideration of the Secretary in preparing his departmental reorganization proposals.

The Office of Management Policy is also responsible for coordinating automatic data processing systems, to assure optimum utilization of machines and personnel throughout the Department. It is responsible for maintaining constant review of the effectiveness and economy of the 15 computer facilities operated by the Department.

The paperwork management functions required under the Federal Records Act of 1950 (P.L. 81-754) are another responsibility of the Office of Management Policy. In 1966 we disposed of 90,792 cubic feet of records sold for salvage at \$64,092, which amount was returned to the Treasury. We freed for other use 107,469 square feet of space, valued at an annual rental rate of \$362,000, and 13,960 filing cabinets with a value of \$1,077,000.

Finally, the Office of Management Policy maintains the Department manual system and is responsible for the services and facilities for public use required under the "Freedom of Information Act" (P.L. 89-487).

An increase of 8 positions is requested for the Office of Management Policy. Two professional and two secretarial positions are requested for organization studies and management surveys directed by the Secretary; two professionals are requested to appraise ADP equipment and personnel utilization and to evaluate new ADP proposals; one professional and one clerical position are requested to cope with increased workloads in paperwork management.

3. PROPERTY AND SUPPLY MANAGEMENT

The Office of General Services is concentrating on developing special programs in the operating agencies for more effective and economical property management in accordance with the President's Memorandum of September 16, 1966. These activities are expected to result in better management and utilization of the Department's \$500,000,000 inventory of real property, which includes 213 installations with more than 2,000 buildings on 5,000 acres of land, and over \$250,000,000 worth of personal property, \$5,500,000 of which is currently in stores inventory. The Office of General Services has inaugurated a program of standardization of office equipment to reduce procurement and maintenance costs, application of "management by exception" principles to inventory and property accounting, and development of cost analysis techniques for evaluation and improvement of procurement operations.

The Office of General Services has begun a detailed evaluation of our printing and publications management throughout the Department. Our printing and publications expenditures exceed \$17,000,000 annually and we spend another \$4-\$6 million just to mail these publications. It is anticipated that substantial savings can be made in this area by streamlining our procedures, making better use of equipment, and consolidating some operations.

An additional 4 positions are requested for the Office of General Services to step up these important cost reduction programs.

4. DEPARTMENT LIBRARY

Three additional professional positions are requested for the Department Library. The workload in the library continues to increase because of growth of Department staff, increased use of the library by research workers and others, and increased volume of acquisitions handled. Reference questions answered went up from 22,050 in 1965 to 26,211 in 1966 and are estimated at 28,000 in 1968. The number of items cataloged are expected to rise from 12,358 in 1965 to an estimated 14,000 in 1968. An increase in publications acquired from 51,123 to an estimated 64,000 is anticipated for the same period.

5. EXECUTIVE OFFICE

During the past year we established a central service organization called the Executive Office for the Office of the Secretary. We transferred to it functions formerly performed for organizations within the Office of the Secretary by the major Departmental management units, including the budget, finance, personnel, general services and field coordination offices. The services provided Office of the Secretary headquarters staff include budget and finance; personnel; office services; and management analysis.

Certain other services, which are financed through the working capital fund, have also been transferred to the Executive Office. These have long been provided in the Office of General Services on a central basis for reasons of economy

and efficiency. These services, which are provided for both Office of the Secretary and certain operating agency headquarters units, include printing and duplicating, mail and messenger, central purchase and supply, and visual aids.

Moving service operations to the Executive Office has permitted the major units under the Assistant Secretary for Administration to concentrate their efforts on their primary and most significant assignments, i.e., developing new and more efficient management systems and procedures and guiding their installation in the Department's eight operating agencies.

Six additional positions are requested for the Executive Office to meet additional workloads resulting from the more than 450 increase in staff projected from 1967 to 1968. Two professional and one clerical positions are requested for additional personnel operations; one fiscal clerk is requested for activities related to the new Center for Educational Cooperation; a management analyst and a clerk-stenographer are requested to assist the Executive Officer in directing all headquarters service operations.

6. STATE MERIT SYSTEMS

The Office of State Merit Systems is responsible for assuring compliance with statutory and regulatory requirements for State personnel administration on a merit basis for HEW grant-in-aid programs. Staff of the office also assist the States in achieving more effective administration of these programs (in which over 80 percent of the administrative expenditures are for personnel costs) by responding to requests for technical and consultative services on personnel administration.

Review of personnel requirements and practices of the State merit system agencies and State health and welfare agencies is made by staff located in the regional offices. With the expansion of the grant programs, consultation in recruitment, selection, classification and pay, and in such areas as the use of auxiliary staff and employment of the disadvantaged is increasingly requested. The Office maintains reviews of and provides advisory services to over 70 different State merit systems and over 300 State agencies administering programs supported by grants-in-aid. No increases are requested.

Mr. Chairman, this completes a brief description of the activities supported by this appropriation under the direction of the Assistant Secretary for Administration. The request totals \$2,818,000 and 244 positions. These totals would provide an increase of \$294,000 and 29 positions over the current fiscal year. I will be glad to answer any questions or comment further as you may desire.

OFFICE RESPONSIBILITIES

Mr. SIMPSON. This appropriation request covers the broad administrative responsibilities for the Department carried out under the direction of the Assistant Secretary for Administration.

The functions which it will support include those designed to strengthen personnel and training services, general management practices, and property and supply management throughout the Department.

They also include the provision of library services, administrative services for the Office of the Secretary, State Merit Systems and internal security work. I shall briefly describe the more important activities under my direction through which we have undertaken to improve management effectiveness and efficiency throughout the Department.

UNAVAILABILITY OF SPECIALIZED AND SCIENTIFIC PERSONNEL

In your exchange with Under Secretary Cohen, sir, a little earlier, you brought out one of the most significant factors facing us in management of the Department. We are at a competitive disadvantage in Government in recruiting for highly specialized and highly trained

professional and scientific personnel. We must recognize that fact, I think, in our personnel program and do all we can to provide as attractive a working environment for these kinds of people within the Department as we can. We need to recruit the ablest brains in the country to come work with us and also retain them after they come, particularly as they work their way up toward the more responsible positions.

CAREER DEVELOPMENT PROGRAM

For this reason, Mr. Chairman, we launched a new career development program which is designed to exploit the great range of scientific and professional interests we can offer in HEW—opportunities for growth which cannot be matched in any single institution or organization outside of the Department.

Senator HILL. That is a very interesting statement.

Mr. SIMPSON. I think it is true, sir.

The program is also designed to produce the talented and broadly experienced manpower needed for professional, scientific, and managerial leadership in the many new programs assigned the Department by the 88th and 89th Congresses.

CAREER SERVICE BOARDS

The career development program will operate through a series of career service boards. (Some 35 to 40 will be established, covering all major professional, scientific, technical, and administrative disciplines employed in the Department.) The boards will be composed of representatives of each discipline or major occupational group in the operating agencies and each board will be served by personnel staff drawn from the principal user agency.

To date, 11 such boards have been established, covering the fields of nursing, social work, education, biomedical science, chemistry, automatic data processing, law, financial management, information, general administrative management, and psychiatry. Other boards are in the formative stages.

Just this noon I am having lunch with the Deputy Surgeon General to start one for General Medical Officers.

Senator HILL. Who heads up psychiatry?

Mr. SIMPSON. Dr. Yolles.

Senator HILL. Head of the Institute of Mental Health?

Mr. SIMPSON. Yes, sir. We are trying to coordinate the program the National Institutes of Mental Health has developed and bring St. Elizabeths into it so St. Elizabeths psychiatrists can participate.

SPECIAL WORK GROUPS

In addition, special work groups composed of personnel experts located in our several operating agencies are developing improved methods for personnel management in accordance with the most modern practices in the fields of manpower requirements planning, performance appraisal, counseling and career planning, recruitment, training, and automated personnel recordkeeping and reporting.

ANTICIPATED AUTOMATION OF RECORDS AND REPORTS

I think we are going to have to automate all of our basic record-keeping and reporting systems in the personnel field if we are to operate the program successfully.

To direct this new approach, we have assigned an expert in the field of training and staff development, Dr. William G. Craig, who formerly served as Deputy Associate Commissioner of the Bureau of Higher Education, Office of Education.

PERSONNEL REQUISITE

I must say we are working extremely hard and the work to date is already overtaking personnel staff resources in the Office of the Secretary. A total of six new positions is requested to enable the Office of Personnel and Training to push this program and to mobilize the resources of the Department, to go on and organize the other 20 to 25 boards we contemplate and to bring about a far more modern and effective personnel program in the Department.

QUARTERLY PUBLICATION OF "SECRETARY'S LETTER"

You might be interested in seeing this little "Secretary's letter" that Secretary Gardner started recently. This is the second issue, which he devoted to this program in the personnel field.

Senator HILL. How often does he propose to get it out?

Mr. SIMPSON. Quarterly. The first one came out in January and this one is hot off the press.

Senator HILL. It looks very interesting. It has your handsome physiognomy.

Mr. SIMPSON. I wouldn't say that, but the face is there.

Senator HILL. You got Mr. Kelly?

Mr. SIMPSON. Yes, he is chairman of the Career Service Board for Financial Management.

Senator HILL. He does not have his picture.

Mr. KELLY. They want an up-to-date one.

MANAGEMENT CONSULTANT SERVICES

Mr. SIMPSON. Several measures have been undertaken to strengthen management practice in the operating agencies and the Office of the Secretary.

To accomplish this we established a management consultant service which we carved out by taking six positions from our Office of Management Policy.

This group will work on management problems as requested by our operating agencies. We have many more requests than we are able to fill. Right at the moment, the staff is working with the Office of Education in carrying out the recommendations of the "Ink Committee" which made a major study last year. It lead to the reorganization of the Office of Education a year ago.

The Management Consulting Service staff is working with the Public Health Service in developing a system for automating their grants information.

CENTER FOR EDUCATIONAL COOPERATION

The staff also worked with Dr. Miller and his staff in planning the new Center for Educational Cooperation authorized in the International Education Act which the Congress passed last year. We have many more requests to do this kind of thing.

I might say a word about the staff. The four professional positions in it are all people with the background in the latest techniques of management and systems analysis and they are experts on the use of computers in the processes of management.

This is the kind of modern management methodology we are introducing into the operating agencies. They are all anxious to adopt these methods to get away from, as Secretary Gardner puts it, the old parchment scroll and quill pen methods of doing business.

MANAGEMENT OF ADP MACHINES

The Office of Management Policy, which has been in existence for some time, has responsibility for assuring coordination and optimum utilization of the ADP machines used throughout the Department.

I think you would be interested to know we have 15 computer installations with over 50 computers in them.

Senator HILL. Over 50?

Mr. SIMPSON. Yes; over 50 in the Department.

These are expensive installations and we keep a close watch to be sure we get the maximum utilization out of them.

The Office of Management Policy carries out the regular paperwork management functions required of all agencies by the Federal Records Act and the instructional system in Department manuals which set operating procedures for the entire Department.

AREA PERSONNEL INCREASE

We are asking for an increase of eight positions in this area, two professional and two secretarial, for organization studies asked for, not in this case by the operating agencies, but by the Secretary; two professionals are requested to help us in our appraisal and audit of ADP equipment utilization throughout the Department; and one professional and one clerical is needed to assist us in the paperwork management program.

PROPERTY AND SUPPLY MANAGEMENT

The third major area is property and supply management. We have recently received a directive from the President, dated September 16, 1966, urging all agencies of the Government to step up their activities to improve the utilization of property already held by agencies, both real property and personal property, and to simplify and reduce costs of procurement, including introduction of modern methods of inventory control to insure we don't buy more than we absolutely have to buy.

AREA PERSONNEL INCREASE

For this program we have organized a small staff in our Office of General Services. We are requesting four additional positions here to step up these kinds of very important cost reduction activities.

PRINTING AND MAILING COSTS

For example, in the procurement of printing alone I was surprised to find we are spending \$17 million every year on printing of publications. We have another \$4 to \$6 million just to mail these publications out to various people throughout the country.

We think there are ways, if we study it carefully, to find savings in that operation.

Senator HILL. You can make some reductions?

CENTRAL SERVICE OPERATIONS

Mr. SIMPSON. That is right, sir.

Under Mr. Coulter's direction we have centralized all service operations for the Office of the Secretary and the smaller inadequate units like the Welfare Administration, Aging Administration, and so forth. In the new Executive Office we created this past year, we pulled these central service operations out of the several different offices; that is, Mr. Kelly's office, Mr. Baxter's office, the Office of Personnel, and the Office of General Services so that they could be free to do the more significant, the greater job in cost reduction by working directly with the operating agencies in giving leadership to major cost reduction and management improvement activities. We are asking for six additional positions for these central services to meet additional workload resulting from the projected staff increases in the headquarters units.

STATE MERIT SYSTEM

Finally, sir, there is the State merit system work which is operated by the Office of State Merit Systems. Mr. Aronson is working very closely these days on the new legislation proposed by the President in the draft, Intergovernmental Manpower Act, and he is at the Civil Service Commission at the moment. The legislation provides for the extension and strengthening of State Merit Systems and is part of the message for improvement of the quality of American government. With our large grant-in-aid programs the legislation is, of course, of immediate concern to our particular Department.

We are not asking for increases in staff for the Office of State Merit Systems.

SYSTEM PERSONNEL INCREASE

I might say in total we are asking for \$2,818,000 for the next fiscal year, which is an increase of 29 positions and \$294,000 over the current year.

BUDGET REQUEST HISTORY

Senator HILL. You got pretty much what you asked for?

Mr. SIMPSON. We got pretty much what we asked. We had some cut by the Bureau of the Budget which will slow us down in moving forward on some of the property management and procurement management activities and in carrying out the career development program. But apart from that we think we can do very well with the 29 new positions requested.

OFFICE OF SURPLUS PROPERTY MANAGEMENT

STATEMENT OF DONALD P. SIMPSON, ASSISTANT SECRETARY FOR ADMINISTRATION, ACCOMPANIED BY SOL ELSON, DIRECTOR, AND JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER

APPROPRIATION ESTIMATE

"SURPLUS PROPERTY UTILIZATION

"For expenses necessary for carrying out the provisions of subsections 203 (j), (k), (n), and (o), of the Federal Property and Administrative Services Act of 1949, as amended, relating to disposal of real and personal excess property for educational purposes, civil defense purposes, and protection of public health, **[\$1,093,000] \$1,119,000.**"

Amounts available for obligation

	1967	1968
Appropriation.....	\$1,093,000	\$1,119,000
Proposed supplemental for pay increase.....	30,000	
Total.....	1,123,000	1,119,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Surplus property utilization (total)	105	\$1,123,000	105	\$1,119,000		-\$4,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	105	105	
Average number of all employees.....	100	100	
Personnel compensation:			
Permanent positions.....	\$930,000	\$926,000	-\$4,000
Personnel benefits.....	67,000	67,000	
Travel and transportation of persons.....	63,000	63,000	
Transportation of things.....	2,000	2,000	
Rent, communications, and utilities.....	34,000	34,000	
Printing and reproduction.....	6,000	6,000	
Other services.....	7,000	7,000	
Supplies and materials.....	7,000	7,000	
Equipment.....	7,000	7,000	
Total, obligations by object.....	1,123,000	1,119,000	-4,000

Summary of changes

1967 appropriation.....	\$1,093,000
Proposed supplementals: Increased civilian payroll costs (Public Law 89-504).....	30,000
Total available for obligations, 1967.....	1,123,000
1968 appropriation	1,119,000
Total change	-4,000

	Base		Changes to base	
	Positions	Amount	Positions	Amount
Increases:				
A. 1. Increased screening capability and revised allocation methods.....	105	\$1, 123, 000		
Decreases:				
A. Built in: 1 less day of pay (261 days in 1967; 260 in 1968).....				—\$4, 000
Total, net change requested.....				—4, 000

The Fiscal Year 1968 request is a decrease of \$4,000 from 1967 due to one less paid workday in Fiscal Year 1968.

Surplus property utilization

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	105	\$997, 000	105	\$997, 000		
Other expenses.....		126, 000		122, 000		—\$4, 000
Total.....	105	1, 123, 000	105	1, 119, 000		—4, 000

GENERAL STATEMENT

Functions

The Federal Property and Administrative Services Act of 1949 (Public Law 152, 81st Congress), as amended, assigned to the Secretary the following major responsibilities in the disposal of Federal surplus properties:

1. The determination of surplus Federal personal property needed for educational or public health purposes, including research, and the allocation of such property to State agencies for surplus property for distribution to eligible donees. By delegation from the Assistant Secretary for Civil Defense, Department of the Army, a similar responsibility was assigned with respect to surplus personal property needed for civil defense purposes.
2. The determination of need for surplus Federal real property for educational and public health purposes, including research, and the conveyance of property assigned to the Department in response to the Department's finding and recommendation.
3. Administration of the terms and conditions of donations and conveyances.
4. The promulgation of regulations governing the operation of the program.

Activities

Personal property

The Office of Surplus Property Utilization is responsible for arrangements for utilization for health, education or civil defense purposes of personal property which the General Services Administration determines to be surplus to the needs of Federal agencies. The property first is inspected to determine suitability for their purposes. Items determined suitable for such purposes are listed and distributed to State agencies for review. The office then allocates available property to the State agencies based on requests by those agencies.

Workload accomplishments and plans

A. *Screening, utilization, and allocation.*—In 1965, personal property which cost the government \$433,700,000 was allocated to State agencies. In 1966, the cost of the property increased to \$464,000,000. The 1966 volume of property required the preparation of more than 79,000 separate lists of property, which generated 85,644 applications or requests and 85,562 allocations of property to

State agencies were made during the year. During 1966, 19 Athena computers, with an acquisition cost of \$2,000,000 each, which were surplus to the Titan I missile program, were made available to universities, colleges, and technical schools. Their sale value was estimated to have been less than \$10,000 each. Many types of aircraft made available to educational and health institutions in 1966; for example an F-88, costing almost \$1,000,000 made available to the Helena Aeronautical School in Helena, Montana for use in ground instruction of mechanics; a C-117C, costing \$96,000, made available to the New Orleans Health Department for public health use; and a Lockheed Constellation, costing more than \$2,000,000, made available to the Schilling Institute in Salina, Kansas for use in their aeronautical technical programs. The University of Oklahoma Medical School received a 70,000,000 volt x-ray machine—known as a synchrotron. This machine, which cost over \$500,000, was formerly used in the government's research in radiation physics. The Oklahoma Medical School will use it in their Department of Radiology in research and treatment of internal cancers.

Allocations during 1968 should approximate \$602,000,000, based on government acquisition cost, assuming no major change in the character of available surplus personal property.

B. Compliance activity.—Single items of surplus personal property having an acquisition costs of \$2,500 or more, are donated with restrictions on their utilization. To assure that these restrictions are being adhered to, the Department has responsibility for making periodic compliance inspections. Each year, the number of such inspections and related reports increase. During 1966, 196 compliance cases were processed.

Through our compliance program monies are recovered from recipients as a result of disposals of unneeded property and deposited in the U.S. Treasury. In 1966 the amount deposited was \$717,070. Comparable amounts can be anticipated for 1967 and 1968.

Real property

When notified that real and related personal property is surplus to Federal needs, Regional Surplus Property Representatives make physical inspections of the property to determine utilization potential and the condition of improvements, utilities, etc. After determination of interest and eligibility of potential users, recommendations are made to the General Services Administration, or other Federal holding agency, and assignment of the property for conveyance is requested.

Prices charged for conveyances are based on appraised fair market value against which is applied a public benefit allowance discount of from 50 to 100 percent, depending upon the program for which the property is to be used. This discount is earned by transferees at the rate of 3½ percent for each year the property is used for the purpose for which it was conveyed.

Conveyances contain conditions requiring use of the on-site property for a maximum of 30 years for the purpose for which it is conveyed. They prohibit sale or encumbrance in any way during this period without prior consent of the government. Off-site property is subject to 5-year restrictions. Transferees may, with consent of the government, remove all restrictions by paying in cash the unearned balance of the public benefit allowance discount.

Work accomplishment and plans

A. Transfers.—In 1965, real property which cost the government more than \$40,100,000 was conveyed to eligible transferees. In 1966 this figure jumped to more than \$71,000,000 as a direct result of the transfer of many phased out missile sites and several significant transfers of portions of surplus major military bases. Closure of 53 additional bases, announced by Department of Defense in January 1967, is expected to result in a substantial increase in this part of the program. The development of utilization plans for surplus military bases must be carefully coordinated with the local community, components of this Department, and many other Federal agencies. This fosters the development of final plans which avoid economic loss to the community to the maximum possible extent.

A typical case in the Schilling Air Force Base in Salina, Kansas which began phasing out over three years ago. The plan developed resulted in the community securing a new Municipal Airport with support facilities—many of which

have been leased out to industries which have made significant numbers of jobs available. In addition, the Base Hospital was conveyed to the State—which has begun developing it into the largest physically handicapped trained and rehabilitation center in the State of Kansas.

B. Compliance, utilization, and servicing.—The Department is also responsible for servicing and compliance enforcement throughout the period of restrictions imposed in each case. The real property program began in 1948. Utilization and compliance workload on properties having 20 years of restrictions continue to mount and will not begin to level off until 1968. Since the period of restrictions on conveyances made after July 16, 1966 are 30 years, the responsibilities for these activities on all conveyances thereafter will remain for a 30-year period.

At the close of 1966, our on-site workload increased a net of 91 cases, from 942 to 1033. The off-site case workload was 589. Physical surveys by our regional staff are required to carry out our utilization and compliance responsibilities. Servicing responsibilities range from granting consent to the interim leasing of a portion of property, to the complete revestment of title in the United States. Physical utilization surveys are required for each on-site case at least once every 3 years. However, the majority of cases are surveyed each year. In 1966, 436 such surveys were completed.

It is significant to note that during 1966, a total of \$444,608 was deposited in the U.S. Treasury as a result of our real property activities.

Standards and reviews

The Department is responsible for establishing minimum standards of operation for State agencies. It is anticipated in 1968, as a result of the development of several new minimum standards of operation, that the plans of all 53 State agencies will have to be amended and reviewed.

Audits and reviews of State agency operations often reveal problems which require work with State agencies to secure corrective actions. Frequently, this involves meeting with officials of the State, investigations and contacts with executive departments of State and the Federal Government. Within the last six months of 1966, as a result of the institution of a tightly controlled compliance follow-up program, only 223 compliance actions were processed. At the end of 1966, there remained open a total of 142 cases—which figure is 53 cases less than the amount at the close of the prior year.

Cash collections

In carrying out the responsibilities of the Surplus Property Program, funds are derived from many activities, such as sale of excess properties, transfers, abrogations, reimbursement of "out-of-pocket" expenses incurred in connection with real property conveyances, etc. As a result of these activities, \$1,161,678 was collected in 1966.

During the period of 1950 through 1966, \$14,112,427 has been collected from the operation of this program and placed in the U.S. Treasury. The total funds appropriated by the Congress during this same period for administration of the program was \$9,756,250, or 69 percent of the cumulative amount received from program operations.

Program increases

In view of the significant reduction in the amounts and types of personal properties becoming available to the program because of Vietnam needs and economies being exercised by Federal agencies, no staff increase is being requested at this time.

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1111

Personal property made available to and received by State agencies for surplus property for distribution to public health and educational institutions and civil defense organizations and real property disposed of to public health and educational institutions (acquisition cost), fiscal year 1966

States	(1) Personal property allocated to State agency	(2) Personal property received by State agency for distribu- tion within State	(3) Real property disposed of to institutions in State	(4) Total property transferred (2 + 3)
Total.....	\$464,148,817	\$343,688,643	\$71,032,254	\$414,720,897
Alabama.....	10,835,293	10,534,316	220,388	10,754,704
Alaska.....	5,514,271	3,314,437	57,000	3,371,437
Arizona.....	4,543,227	4,462,508	842,480	5,304,988
Arkansas.....	4,835,054	3,579,836	20,938	3,600,774
California.....	52,612,062	32,870,634	3,395,082	36,265,716
Colorado.....	27,988,715	14,029,503	8,406,639	22,436,142
Connecticut.....	4,831,463	3,692,094	1,100,960	4,793,054
Delaware.....	888,700	622,154	505,395	1,127,549
Florida.....	16,746,396	15,724,936	189,425	15,914,361
Georgia.....	15,178,553	12,670,757	3,675,561	16,346,318
Hawaii.....	1,366,962	1,394,341	137,217	1,531,558
Idaho.....	3,998,913	3,595,127	57,245	3,652,372
Illinois.....	9,892,439	9,151,262	2,109,973	11,261,235
Indiana.....	5,583,883	5,900,783	-----	5,900,783
Iowa.....	6,304,921	2,473,119	59,909	2,533,028
Kansas.....	10,722,783	10,829,100	266,737	11,095,837
Kentucky.....	4,606,975	4,007,893	137,000	4,144,893
Louisiana.....	6,436,373	6,810,627	-----	6,810,627
Maine.....	2,656,226	2,276,219	-----	2,276,219
Maryland.....	6,551,925	5,278,788	1,005,789	6,284,577
Massachusetts.....	13,250,794	10,737,199	3,029,876	13,767,075
Michigan.....	11,539,763	8,457,512	-----	8,457,512
Minnesota.....	2,684,711	2,302,438	-----	2,302,438
Mississippi.....	7,842,070	6,456,643	173,334	6,629,977
Missouri.....	3,718,268	3,774,665	146,807	3,921,472
Montana.....	1,455,025	1,194,092	44,724	1,238,816
Nebraska.....	2,961,670	2,617,925	-----	2,617,925
Nevada.....	3,788,935	2,781,129	-----	2,781,129
New Hampshire.....	2,186,494	1,478,384	-----	1,478,384
New Jersey.....	6,080,964	5,846,102	-----	5,846,102
New Mexico.....	9,844,307	5,550,754	56,419	5,607,173
New York.....	27,320,717	14,852,948	16,905,174	31,758,122
North Carolina.....	7,385,713	6,590,193	242,000	6,832,193
North Dakota.....	862,240	834,479	44,604	879,083
Ohio.....	8,452,684	7,909,082	9,079,758	16,988,840
Oklahoma.....	13,115,007	8,216,149	218,592	8,434,741
Oregon.....	5,165,830	5,051,305	1	5,051,306
Pennsylvania.....	36,402,302	22,104,122	12,801,730	34,905,852
Rhode Island.....	1,354,480	1,255,512	316,786	1,572,298
South Carolina.....	7,491,710	7,231,207	380,301	7,611,508
South Dakota.....	1,090,442	1,085,333	1,692,363	2,777,696
Tennessee.....	7,210,190	6,232,896	2,351,837	8,584,733
Texas.....	19,917,603	19,305,960	492,870	19,798,830
Utah.....	24,499,758	11,373,854	-----	11,373,854
Vermont.....	3,957,056	1,460,698	-----	1,460,698
Virginia.....	6,537,743	5,771,812	15,598	5,787,410
Washington.....	5,652,302	4,978,059	851,742	5,829,801
West Virginia.....	2,905,260	2,422,742	-----	2,422,742
Wisconsin.....	9,486,245	7,209,227	-----	7,209,227
Wyoming.....	4,767,540	2,857,766	-----	2,857,766
District of Columbia.....	1,374,075	966,128	-----	966,128
Puerto Rico.....	1,585,987	1,503,588	-----	1,503,588
Virgin Islands.....	165,798	60,306	-----	60,306
Guam.....	-----	-----	-----	-----

SHARED RESPONSIBILITY WITH GENERAL SERVICES ADMINISTRATION

Senator HILL. All right, the next item is surplus property utilization which you, Mr. Simpson, are also responsible for.

Mr. SIMPSON. Yes, this is the easiest one to justify, because it earns more than it spends. I have Mr. Elson here, who is Director of the Office of Surplus Property Utilization. We carry out this program in cooperation with the General Services Administration as a joint responsibility. We have four functions in connection with it.

UTILIZATION OF PERSONAL PROPERTY FOR EDUCATION AND PUBLIC HEALTH

The determination of what surplus Federal personal property can be used for education or public health purposes, including research, and the allocation of such property to State agencies for distribution to local school systems and hospitals and other eligible donees. Similar responsibility is delegated to HEW from the Department of the Army with respect to surplus personal property for civil defense purposes at State and local levels.

UTILIZATION OF REAL PROPERTY FOR EDUCATION AND PUBLIC HEALTH

The determination of need for surplus Federal real property for educational and public health purposes, including research, and the conveyance of such property assigned by GSA to the Department at up to 100 percent public benefit allowance discount.

ADMINISTRATION OF REAL PROPERTY

Administration of the terms and conditions of donations of personal property and conveyances of real property.

PROMULGATION OF REGULATIONS

The promulgation of regulations governing the operation of the program, both real and personal property.

COLLECTIONS IN EXCESS OF COSTS

We have in our statement, sir, which I won't bother you with, a good deal of statistics about the accomplishments of the past year, and a report on the cash collections of the past year. It is interesting to note that since the program was initiated in 1950 up through 1966, over \$14 million has been collected and deposited in the Treasury under this program. This exceeds our total appropriations for administrative cost of the program for the same period by over \$4 million.

WORKLOAD

There is one error I would like to correct in the statement. It says "53" additional military installations were announced for closure. It should be "33." It is a typographical error.

We anticipate our workload next year will exceed that for fiscal 1967 with respect to the disposal of real property as these additional military holdings become available.

I think that is all, sir.

Senator HILL. Forty-three additional military installations?

Mr. SIMPSON. Thirty-three, sir.

Senator HILL. I am sorry, I mean 33.

Quite a bit of property?

PROGRAM BENEFITS

Mr. SIMPSON. Yes, sir. This is a very beneficial program, Mr. Chairman, as you know.

Senator HILL. It really had its start about the end of World War II, with quite a bit of surplus property being on hand as a result of the war.

Mr. SIMPSON. Yes, sir. We think it is a great benefit to local school systems, universities, and colleges where they take surplus commodities and equipment and use them for teaching and research purposes. The program provides all kinds of personal property for use of vocational schools, elementary, high schools, and so forth for teaching purposes. In fact, we have started new colleges, as you know, with this program.

OKLAHOMA MEDICAL SCHOOL X-RAY MACHINE

Senator HILL. Yes. I notice your comment in particular on the X-ray in the Oklahoma Medical School.

Mr. SIMPSON. Yes, sir.

Senator HILL. Where did it come from originally?

Mr. SIMPSON. It was in the Department of Defense surplus property. We made it available for Cancer Research and Treatment Services at the University of Oklahoma.

Senator HILL. Did they have the X-ray in some hospital in connection with a military reservation?

Mr. ELSON. I believe it has most recently been used by NASA.

Senator HILL. Where did it come from?

Mr. ELSON. It was used in an experimental project by NASA before it was declared surplus. It was not in a hospital as far as I know.

Senator HILL. How was it used?

Mr. SIMPSON. I don't know, but I doubt it was used for a health purpose.

Mr. ELSON. Not at the time originally purchased.

Senator HILL. I would like a little more detailed statement on that for the record. Will you do that?

Mr. SIMPSON. Yes, sir.

Senator HILL. Anything else you would like to add?

Mr. SIMPSON. No, sir.

Senator HILL. We are certainly very much obliged to you and appreciate your statements very much indeed.

(The statement follows:)

The synchrotron was built in 1949-51 by General Electric Company and installed at the University of California Medical Center in San Francisco under the auspices of the Atomic Energy Commission. There it was used for research purposes, i.e., development of methods to collimate, compensate, and control the x-ray beam; calibration and standardization of doses delivered by the x-ray beam to tissue-like media. From 1956 to 1964, the major use for the 70 million volt X-ray unit was for the treatment of human patients with cancer. In 1964 it was disassembled, packaged, and removed to Federal storage at the Oakland Army Terminal. In the latter part of 1965, it was requested by the Manned Spacecraft Center of NASA at Houston, Texas, to be used in their pro-

gram relating to studies of radiation problems in space. NASA later determined it would not be of sufficient use in their Manned Spacecraft Program and in March 1966 determined it to be excess to their requirements. Shortly thereafter it was determined to be surplus to the needs of the Federal Government.

In December 1966, the synchrotron, which is valued at approximately \$500,000, was donated by the Oklahoma State Agency for Surplus Property to the University of Oklahoma Medical Center, in Oklahoma City. There it is being used in the Department of Radiology in research and treatment of cancer patients. It will also be used in research in such fields as thermonuclear and radio biological studies and possibly radiation chemistry work. The University has designed a building for permanent housing of the synchrotron and associated laboratory equipment. The 70 million volt x-ray beam developed by this piece of equipment delivers a big dose at a depth of some four inches within the body. More conventional machines deliver their maximum dose close to the surface, thus the intensity decreases as the rays enter the body so that the target areas receives less radiation than healthy tissues.

SALARIES AND EXPENSES, OFFICE OF GENERAL COUNSEL

STATEMENT OF ALANSON W. WILLCOX, GENERAL COUNSEL, ACCOMPANIED BY REGINALD G. CONLEY, DEPUTY GENERAL COUNSEL; MRS. MARY MOULTON, ADMINISTRATIVE OFFICER; AND JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER

APPROPRIATION ESTIMATE

"OFFICE OF THE GENERAL COUNSEL, SALARIES AND EXPENSES"

"For expenses necessary for the Office of the General Counsel, **[\$1,780,000]** \$1,974,000, together with not to exceed \$29,000 to be transferred from 'Revolving fund for certification and other services, Food and Drug Administration,' and not to exceed **[\$1,301,000]** \$1,344,000 to be transferred [from the Federal old-age and survivors insurance trust fund] and expended as authorized by section 201(g)(1) of the Social Security Act from any one or all of the trust funds referred to therein."

Amounts available for obligation

	1967	1968
Appropriation.....	\$1,780,000	\$1,974,000
Actual transfer to Department of the Interior.....	—43,000	-----
Comparative transfer from PHS for patent policy functions.....	63,000	-----
Transfer from—		
Any one or all of the social security trust funds.....	1,301,000	1,344,000
Revolving fund for certification and other services, Food and Drug Administration.....	29,000	29,000
Total.....	3,130,000	3,347,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
I. Supervisory and general legal services.....	44	\$606,231	43	\$638,261	+4	+32,030
II. Departmental program services:						
(a) Public Health.....	26	275,342	26	288,234	-----	+12,892
(b) Food and drug.....	39	384,027	42	418,885	+3	+34,858
(c) OASI.....	33	354,814	33	365,276	-----	+10,462
(d) Health insurance.....	20	194,719	20	211,596	-----	+16,877
(e) Welfare and rehabilitation.....	15	172,941	16	198,544	+1	+25,603
(f) Education.....	23	252,286	25	280,940	+2	+28,654
III. Regional and field.....	93	889,640	93	945,264	-----	+55,624
Total obligations.....	293	3,130,000	303	3,347,000	+10	+217,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	293	303	+10
Average number of all employees.....	271	288	+17
Personnel compensation:			
Permanent positions.....	\$2,715,919	\$2,910,028	+\$194,109
Personnel benefits.....	201,480	216,073	+14,593
Travel.....	62,254	63,254	+1,000
Transportation of things.....	610	1,610	+1,000
Rents, communications, and utilities.....	50,504	41,900	-8,604
Printing and reproduction.....	4,155	4,155	-----
Other services.....	17,316	32,565	+15,249
Supplies and materials.....	23,269	23,722	+453
Equipment.....	54,493	53,693	-800
Total obligations by object.....	3,130,000	3,347,000	+217,000

Summary of changes

1967 enacted appropriation.....	\$1,780,000
Actual transfer to Department of Interior.....	-43,000
Comparative transfer from PHS for patent policy functions.....	63,000
Transfer from:	
Any one or all of the Social Security trust funds.....	1,301,000
Revolving fund for certification and other services, Food and Drug Administration	29,000
1967 total estimated obligations.....	3,130,000
1968 estimated obligations.....	3,347,000
Total change.....	+217,000

	Base		Changes from base	
	Positions	Amount	Positions	Amount
Increases:				
A. Built-in:				
1. Annualization of positions authorized in 1967.....				\$51,765
2. Accounting and messenger services.....				15,000
3. Pay raise costs.....				84,000
B. Program:				
1. Supervisory and general legal services.....	44	\$606,231	+4	29,129
2. Public Health.....	26	275,342	0	-----
3. Food and Drug.....	39	384,027	+3	21,798
4. O.A.S.I.....	33	354,814	0	-----
5. Health insurance.....	20	194,719	0	-----
6. Welfare and rehabilitation.....	15	172,941	+1	16,083
7. Education.....	23	252,286	+2	21,257
8. Regional and field.....	93	889,640	0	-----
Total program increases.....	293	3,130,000	+10	+88,267
Total increases.....			+10	+239,032
C. Decreases: Nonrecurring first-year costs.....				-22,032
Total net change requested.....			+10	+217,000

EXPLANATION OF CHANGES*Ten new positions requested in 1968:*

1. *Immediate Office (3 positions).*—Three clerical positions are requested, two secretarial positions in the immediate office and one clerical assistant in the Administrative Office. These positions are needed because of the increased duties and responsibilities resulting from the growth of the entire office. In order to

establish a special assistant to the General Counsel and a secretary, we have reprogrammed two positions from other Divisions and placed them in the Immediate Office.

2. *Legislation (1 position).*—One legislative clerk is requested for the new Legislative Reference Unit which services this Division and the Office of the Secretary.

3. *Food and Drug (3 positions).*—Two attorneys and one secretary are needed to handle numerous administrative hearings occasioned by withdrawals, beginning in fiscal 1968, of approval of old drugs for failure to meet the new "efficacy" requirements of the Drug Amendments Act of 1962.

4. *Welfare and Rehabilitation (1 position).*—One attorney is requested to provide more adequate service to the Administration on Aging and meet greatly increased (and underestimated) workload resulting from recent amendments to public assistance laws.

5. *Education (2 positions).*—One attorney and one secretary are requested to replace the attorney and secretary positions reprogrammed from this division to the Immediate Office (see 1. above) and enable the Division to keep abreast of its growing workload, particularly that involving student loan insurance.

Other increases

An increase of \$1,000 is requested for transportation of things. With the increase in staff, we are required more and more to ship books, household goods, etc.

An additional amount of \$15,000 is needed to finance services furnished to us by the mail and messenger unit and the accounting section, both of which are now being financed under the Working Capital Fund.

Explanation of transfers

	1967 estimate	Purpose
Actual transfer to: "Salaries and expenses, Office of the Solicitor, Department of the Interior".	\$43,000	This transfer includes 4 positions to the Department of Interior, to effect transfer of Federal Water Pollution Control Administration functions to that Department.
Comparative transfer from: "Public Health Service".	63,000	This is a transfer representing funds to be made available to the Office of the General Counsel, for the administration of the inventions and patents activities in the Department.

I. Supervisory and general legal services

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	44	\$469,343	48	\$507,973	+4	+\$38,630
Other expenses.....		136,888		130,288		-6,600
Total.....	44	606,231	48	638,261	+4	+32,030

A. Immediate Office of the General Counsel

This unit consists of the General Counsel, the Deputy General Counsel, the Special Assistant to the General Counsel, the Administrative Officer, a budget clerk, four secretaries, and three file clerks who maintain central files for three Divisions of the office. This unit provides overall professional supervision and coordination, and handles the fiscal, personnel, and other managerial work for the entire office.

Increase requested.—Three clerical positions (GS-5) are requested; two secretarial positions in the immediate office, and one clerical assistant in the Administrative Office. These positions are needed because of the increased duties and

responsibilities resulting from the growth of the entire office. In order to establish a special assistant to the General Counsel and a secretary, we have reprogrammed two positions from other Divisions and placed them in the Immediate Office.

B. Legislation Division (increase of 1 legislative clerk)

This Division is responsible for the preparation or review of all Department reports on proposed Federal legislation; assistance in the development of the Department's legislative program; drafting of all Department legislative proposals, and, as necessary, appropriation bill language; assistance to other Federal agencies, Congressional Committees and their staffs, and House and Senate legislative counsel in drafting bills, and Committee reports on bills, affecting the Department; providing legal advice on international activities at the Departmental level, and providing Legislative Reference Service for the Office of the Secretary.

There has been a marked increase in the reporting workload of the Division. Out of 1819 requests for reports received on 89th Congress bills, the preparation or review of only 685 reports (covering 819 of these requests) had been completed. At the end of the Congress there was a backlog in the Division of 103 reports (covering 132 active requests). Sixty-nine Departmental bills have been drafted, as have numerous amendments to these and other bills.

The Department's legislative concerns are probably more diversified than those of any agency, and a large and growing part of the Administration's legislative program has been in fields for which the Department is responsible. There has been a corresponding increase in the workload of the Division in the development and drafting of legislation as well as in its reporting workload.

Increased requested.—The growth of the Office of the Secretary and of its legislative responsibilities has required the establishment of a Legislative Reference Service centered in this Division to serve the Office of the Secretary as a whole (including 7 Assistant Secretaries, the General Counsel, the Comptroller, and various other staff officers). The legislative clerk position is needed by this Service to help meet the demands upon it.

C. Business and Administrative Law Division

This Division handles the myriad legal problems often referred to as "house-keeping" problems, and also renders legal services for the Department's surplus property, civil defense, and security programs. The workload of this Division of necessity increases with the growth of the Department and its programs, particularly in the areas of contracting, patents, and administrative services. The increased research and development activities of the Department have resulted in heavier flow of invention reports and invention and patent problems; the Division's services are required in connection with specific patent questions as well as in the formulation of patent policies and procedures since the Department Patents Officer and his deputy are in this Division.

In the area of administration services, the rapid growth of the Department has increased the need for legal services in personnel matters. The Department employs a large number of part-time consultants, and a number of the Department's full-time scientific and professional personnel are engaged in various outside activities—both generating a heavy demand for legal advice on applicable conflict-of-interest laws, executive orders, and regulations. The Chief of the Division has been designated the Ethical Standards Officer of the Department; he is also the Department's claims Officer and the Division is responsible for administering the Federal Tort Claims Act and the Military Personnel and Civilian Employees' Claims Act. Recent amendment of the Federal Tort Claims Act (P.L. 89-506) and enactment of the Federal Claims Collection Act of 1966 (P.L. 89-508) both of which confer significantly greater authority upon agency claims officers to entertain and compromise claims by and against the Government (thereby reducing the number of claims which got to litigation) will result in a substantially greater work-load in these areas, both in terms of volume and importance.

For the purpose of improving the administration of the inventions and patents activities in the Department, a reorganization assigned the responsibility and authority of the heads of the operating agencies in respect thereto to the Assistant Secretary (Health and Scientific Affairs). Correlative thereto, there were transferred from the Public Health Service to this Division 3 patent lawyer positions (together with the 2 secretarial positions serving therein).

II. Departmental program services

(A) PUBLIC HEALTH

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits ----	26	\$262, 417	26	\$274, 722	-----	+\$12, 305
Other expenses -----		12, 925		13, 512	-----	+587
Total -----	26	275, 342	26	288, 234	-----	+12, 892

This Division provides legal services to the Public Health Service, and Saint Elizabeths Hospital. Is also responsible for the recovery under P.L. 87-693 of the reasonable value of hospital and medical care furnished beneficiaries of the Public Health Service whose injuries are caused by negligent third parties during the period January 1 to December 31, 1966, the sum of \$165,872 was recovered and deposited into the Treasury of the United States.

It is anticipated that an increased need for legal services for fiscal 1968 will arise from the following developments:

1. *Air pollution—Automobile exhausts.*—As field studies and other investigations by the Public Health Service progress, an increasing number of situations will be identified as calling for Federal abatement procedures. In addition, the special program for Federal control of air pollution from automobile exhausts will present increasing problems in the enforcement of Federal standards, such as their application to vehicles offered for importation where novel engineering problems and problems arising from international relationships are involved.

2. *Public Health Service reorganization.*—The complete reorganization of the Service is expected to call for increased legal services arising from centralized grant management in the Office of the Surgeon General encompassing the new "partnership for health" programs with the States to support comprehensive planning and services (P.L. 89-749), and also developments arising from the new bureau status for the National Institute of Mental Health including its administration of the narcotics treatment and rehabilitation program for addicts committed to the Surgeon General (P.L. 89-793).

(B) FOOD AND DRUG

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits ----	39	\$377, 483	42	\$408, 987	+3	+\$31, 504
Other expenses -----		6, 544		9, 898	-----	+3, 354
Total -----	39	384, 027	42	418, 885	+3	+34, 858

This Division provides legal service for the functioning of the Food and Drug Administration. It handles regulatory litigation in the Federal Courts; it carries the burden of administrative hearings in both adjudicatory and rule-making proceedings; it is responsible for the public proceedings in the promulgation of some regulations which do not require a public hearing; it provides legal counsel to the Commissioner of Food and Drugs and his staff; and it supports the Food and Drug Administration in legislative hearings.

The Division's responsibilities have been and continue to increase due to the enactment of new legislation and the growth of FDA resources to carry out its statutory mission. Both the case load and the number of administrative proceedings have increased with enactment of the Food Additives Amendment of 1958, the Color Additive Amendment of 1960, the Federal Hazardous Substances Labeling Act of 1960, the Drug Amendments of 1962, and the Drug Abuse Control Amendments of 1965. Programs under the Color Additive Amendment, the Drug Amendments, and the Drug Abuse Control Amendments are now beginning to demand extensive legal support.

As new FDA personnel becomes fully trained and productive new legal work will be called for. And as new programs—such as the review of effectiveness claims for all drugs approved between 1938 and 1962—progress, legal proceedings will be required to complete them.

The creation of a wholly new Bureau of Drug Abuse Control has produced a greatly expanded enforcement operation.

Revision of the dietary foods regulations has involved us in what certainly will be the most extensive administrative proceeding ever to be conducted under the Federal Food, Drug and Cosmetic Act.

Required proof of effectiveness for all drugs that have been cleared through the new drug procedures from 1938 to date places the control of drug promotion within the administrative process, calling for a new ability to carry the burden of the required hearings.

Food standard activities are to be accelerated, with new legal operations.

The Division refers and follows all criminal, seizure, and injunction cases. We have been averaging a trial a week in the Federal Courts, involving such complex problems as cancer quackery and the misleading promotion of devices and potions for weight reduction. We are responsible for all cases on appeal—those involving judicial review of administrative actions and those arising from enforcement actions. Appeals in the Courts of Appeals average about 12—or one a month. The Supreme Court has accepted one case on certiorari, we have a petition for certiorari pending in another, and we are constantly called upon to oppose petitions for certiorari in other cases.

Effective legal support is a necessity. Personnel growth in this Division must keep pace with FDA's increasing resources and program operations.

Increase requested.—Two attorneys and one secretary are requested. These will be needed particularly to handle numerous administrative hearings occasioned by withdrawals, beginning in fiscal 1968, of approval of old drugs for failure to meet the new "efficacy" requirements of the Drug Amendments Act of 1962.

(C) OASI

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits-----	33	\$349,345	33	\$358,173	-----	+\$8,828
Other expenses-----		5,469		7,103	-----	+1,634
Total-----	33	354,814	33	365,276	-----	+10,462

The services of this Division, which call for the furnishing of legal advice with respect to the administration of the old-age, survivors, and disability insurance programs and of mutually dependent provisions of law in related programs, will be required also in the following additional respects:

The development of revisions in regulations and instructions regarding policies and procedure for payment of benefits to the uninsured (Prouty Amendment); for disbursement of underpayments to "legal representatives"; the review and updating of Subparts of Regulations No. 4, relative to determinations of disability; filing of applications; family relationships; evidentiary requirements in support of claims; the representation of parties by attorneys and attorney's fees; the continued evaluation of proposals to simplify Title II (Old-Age and Survivors Insurance) of the Act with special emphasis on the provisions for State and local coverage; and the review and clearance of other policy, procedural, and instructional materials for adjudication of claims. At the close of the calendar year 1966, 1,661 cases were in action status, and during the year pleadings and answers were filed in 946; briefs in 922; and memoranda relative to appeals to Courts of Appeals and the Supreme Court in 318. The totals in each of these categories should continue at the same level in fiscal 1968.

(D) HEALTH INSURANCE

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	20	\$188,684	20	\$205,471	-----	+\$16,787
Other expenses.....	-----	6,035	-----	6,125	-----	+90
Total.....	20	194,719	20	211,596	-----	+16,877

The demands for interpretative opinions have increased markedly since the health insurance benefits program became effective. Providers of service (hospitals, extended care facilities, and home health agencies) present questions concerning conditions of participation and scope of services covered by the program; fiscal intermediaries and carriers require answers to issues of administration in connection with the payment of benefits; beneficiaries are concerned with issues of eligibility and entitlement; and professional organizations representing memberships comprised of physicians and other persons providing medical and other health services, request advice concerning the requirements and conditions for payment for covered services, and the amounts of benefits payable therefor. The services of the Division entail a large volume of written memoranda in response to requests for legal advice, and also personal attendance by staff members at meetings and conferences between the Social Security Administration and outside organizations at which the staff members serve as counsel to the Administration.

(E) WELFARE AND REHABILITATION

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	15	\$164,658	16	\$188,484	+1	+\$23,826
Other expenses.....	-----	8,283	-----	10,060	-----	+1,777
Total.....	15	172,941	16	198,544	+1	+25,603

This Division provides legal services for the Welfare Administration, the Vocational Rehabilitation Administration, the Administration on Aging, and the Bureau of Federal Credit Unions in the Social Security Administration.

Increase requested.—One additional attorney is requested. Increased workload in fiscal 1968 will come from several sources. There will be full implementation of major laws enacted by the 89th Congress in aging (P.L. 89-73, The Older Americans Act of 1965); public assistance, and child health and welfare (P.L. 89-97, The Social Security Amendments of 1965); and vocational rehabilitation (P.L. 89-333, the Vocational Rehabilitation Act Amendments of 1965). Also, continuing growth of the many agencies and programs served by this Division gives rise to legal questions which are greater in number, scope and complexity. The requested staff is for strengthened leadership in legal services to the Welfare Administration and additional support for the other agencies.

(F) EDUCATION

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	23	\$241,413	25	\$267,215	+2	+\$25,802
Other expenses.....	-----	10,873	-----	13,725	-----	+2,852
Total.....	23	252,286	25	280,940	+2	+28,654

The Education Division provides legal services with respect to the functions of the Office of Education and of the Office of the Secretary in matters relating to education, and to the extent of the Department's concern, to Howard University, Gallaudet College, American Printing House for the Blind, and the National Technical Institute for the Deaf.

These programs present a great range of activities including direct Federal operations, Federal-State grants-in-aid, and grants, loans and loan insurance and subsidies to public and private institutions and to individuals. Legal services will continue to be required on an active basis for the programs of the Office of Education. The broad range of activities covered, the importance of the programs to all the States, to thousands of institutions and to millions of individuals, tend constantly to increase the volume of work. As the programs grow, the problems requiring legal advice are multiplied and become more complex both in subject matter and interrelationships.

Legislation enacted by the 89th Congress (especially the Elementary and Secondary Education Act of 1965 (P.L. 89-10) and the 1966 amendments to that Act (P.L. 89-750) which among other things established a new program for the education of handicapped children; the Higher Education Act of 1965 (P.L. 89-329) and the 1966 amendments thereto (P.L. 89-752); National Vocational Student Loan Insurance Act of 1965 (P.L. 89-287); the International Education Act of 1966 (P.L. 89-698); National Foundation for the Arts and Humanities Act (P.L. 89-209); the amendments to the act relating to captioned films for the deaf (P.L. 89-258); and the Library Services and Construction Act amendments of 1966 (P.L. 89-511)) have particular impact on the workload of the Division in 1968. By 1968, full implementation of the programs will give rise to increased requests for legal advice.

Increase requested.—One attorney and one secretary are requested to keep abreast of the workload of this division, particularly that occasioned by the new student loan insurance and other student aid programs which involve numerous and complex legal relationships with public and private non-profit employing agencies and with private and public financing agencies, as well as with educational institutions.

III. Regional and field

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits-----	93	\$864, 056	93	\$915, 076	-----	+\$51, 020
Other expenses-----		25, 584		30, 188	-----	+4, 604
Total-----	93	889, 640	93	945, 264	-----	+55, 624

Legal services furnished by attorneys in the nine Regional Attorney's offices correspond in kind to those rendered by the headquarters division of the Office (other than Food and Drug matters). During recent years there has been a tremendous increase in the amount and importance of these services, due to program growth and the establishment of new programs serviced by the Regional Attorney's offices and (more recently) increasing decentralization of program functions and responsibilities to regional offices.

New positions requested, fiscal year 1968

	Grade	Annual salary
Supervisory and general legal services:		
Legislative clerk.....	GS-6	\$5,867
Secretary (3).....	GS-5	15,993
Total (4).....		21,860
Food and Drug Division:		
Attorney.....	GS-12	10,927
Do.....	GS-11	9,221
Secretary.....	GS-5	5,331
Total (3).....		25,479
Welfare and Rehabilitation: Attorney.....	GS-15	17,550
Education Division:		
Attorney.....	GS-15	17,550
Secretary.....	GS-5	5,331
Total (2).....		22,881
Total, new positions, all activities (10).....		87,770

PREPARED STATEMENT

Senator HILL. Next, we will hear from Mr. Willcox, General Counsel of the Office of the Secretary.

Mr. WILLCOX. If I may, sir, I will put my statement in the record and summarize it.

Senator HILL. It will be done.

(The statement follows:)

Our 1968 Budget Estimate requests a total of \$3,347,000, which is an increase of \$217,000. \$87,267 is for ten new positions and the balance for cost increases beyond our control.

The General Counsel's Office provides legal advice and services for all the operating agencies of the Department, as well as for the Secretary and his Office.

Apart from my immediate office, which includes the Deputy General Counsel, a Special Assistant, and clerical staff, we have eight divisions. Two of these—the Legislation Division and the Business and Administrative Law Division—serve the entire Department; funds for these units are included under the heading "Supervisory and General Legal Services." The remaining six divisions serve the various operating agencies and their programs. Our Health Insurance and Old Age and Survivors Insurance Divisions are located in Baltimore with the Social Security Administration. The names of the remaining four program divisions, all located here in Washington, are indicative of the agencies and programs they serve—the Food and Drug Division, the Public Health Division (which also handles legal matters for Saint Elizabeths Hospital), the Education Division, and the Welfare and Rehabilitation Division. We also have a regional attorney and supporting legal and clerical staff in each of the nine regional offices of the Department, who provide legal services to the Regional Directors and the regional representatives for all the Department's programs, except in food and drug legal matters which are handled centrally.

Not included in the instant request are the attorneys and supporting staff who work exclusively on legal problems and administrative proceedings occasioned by title VI of the Civil Rights Act of 1964. Funds for this staff are allocated to us from the sums appropriated to the Office of the Secretary for the civil rights functions of the Department.

The size of the Department and its operations and the multiplicity of its programs call for a volume of service which has made heavy—sometimes inordi-

nately heavy—demands upon our staff. Of the 10 new positions requested, three are to augment the clerical staff of my immediate office; while staffing of the General Counsel's office has not by any means kept pace with staffing in the Department as a whole, it has increased to a point where we cannot manage the office without additional clerical help. Another clerical position is needed in the legislative reference service newly established in our Legislation Division.

Of the remaining six new positions, three are needed in the Food and Drug Division, two in the Education Division, and one in the Welfare and Rehabilitation Division. These are the three divisions in which the anticipated workload during fiscal 1968 will most seriously overtax present resources.

During fiscal 1968 our office will feel the full impact both of the new drug abuse legislation and of the new "efficacy" requirements of the Drug Amendments Act of 1962. We anticipate numerous administrative hearings occasioned by withdrawals, beginning in that year, of approvals for old, previously approved drugs for failure to satisfy these new requirements. Effective legal support for these and other aspects of new, expanded, and intensified enforcement activity of the Food and Drug Administration is a necessity.

Our Education Division needs an additional attorney and secretary to better enable it to keep pace with the ever-enlarging involvement of the Department in aid of education. The new student loan insurance and other student aid programs are proving to be particularly demanding upon our attorneys, involving as they do complex legal relationships with public and non-profit private employers and public and private financing agencies, as well as with educational institutions.

We are also requesting an additional attorney for the Welfare and Rehabilitation Division to meet demands for legal services which have been particularly heavy this year and which we anticipate will materially increase in fiscal 1968 as State programs assisted under "Medicaid" and other recently enacted Federal welfare, aging, and vocational rehabilitation legislation become fully operative.

PERSONNEL AND COST INCREASES

Mr. WILLCOX. Mr. Chairman, we are asking for a total of \$3,347,000 which is an increase of \$217,000; \$87,267 is for 10 new positions and the balance for cost increases beyond our control.

PERSONNEL

We now have eight divisions. This takes quite a bit of managing. We had to increase the staffing in our immediate office somewhat. We are asking for two clerical positions in our immediate office, one to help our administrative officer and one in our legislation division for legislative reference service, which has been established to service the Office of the Secretary.

Of the other positions we are asking for, three are in our Food and Drug Division, Mr. Chairman. That is the place where legal services, of course, are absolutely an essential part of the program and with the expansion we will have under amendments coming into play, of the law passed in 1962—I am sorry, there is an error in my statement, it says, "amendment of 1964," but that is when the law became effective—under the 1962 amendments we are going to get action on drugs that had been formerly on the market, on the question of effectiveness, and we see a substantial workload on that as the reports come in on that from the study group.

We are also asking for two additional positions, one attorney and one secretary, in our education division. As you know, the work at the Office of Education has been growing rapidly and we are very hard put to keep up with the questions we get from that office in the course of operation.

We are asking for one attorney in the Welfare and Rehabilitation Division.

Here also we have the public assistance amendments and the amendments which your committee made in the Vocational Rehabilitation Act which require much activity, and again we are very hard pushed.

That is the substance of our request, Mr. Chairman, I will be glad to answer any questions.

WORKLOAD

Senator HILL. You keep very busy?

Mr. WILLCOX. Yes, we keep very busy.

Senator HILL. Actually, the more programs we adopt the more business there is for us, is that right?

Mr. WILLCOX. That is true. Yes, sir.

BUDGET REQUEST REDUCTION

Senator HILL. But you had a reduction of \$168,000. Will it cause you much trouble?

Mr. WILLCOX. I think we will keep going, Mr. Chairman. It is a question of judgment of what level of legal service is appropriate in these various programs. We will do the best we can with what we have been allowed.

Senator HILL. That allows a little more than you had last year, I believe, and when I say last year I mean the present fiscal year?

Mr. WILLCOX. Yes; 10 new positions.

Senator HILL. Do you think you can render Mr. Kelly all the assistance he may need?

Mr. WILLCOX. He is a pretty good lawyer himself.

Senator HILL. You have many that call on you for decisions?

Mr. WILLCOX. Yes. Mr. Kelly does also sometimes. We are on pretty good speaking terms.

Senator HILL. You are his lawyer, are you not, sir?

Mr. WILLCOX. Yes, sir.

Senator HILL. Anything you would like to add?

Mr. WILLCOX. I think not, thank you, Mr. Chairman.

Senator HILL. We thank you very much.

HIGHER EDUCATION FOR INTERNATIONAL UNDERSTANDING

STATEMENT OF PAUL A. MILLER, ASSISTANT SECRETARY OF EDUCATION, ACCOMPANIED BY JOSEPH COLMEN, DEPUTY ASSISTANT SECRETARY FOR EDUCATION; D. LEE HAMILTON, ACTING DIRECTOR, DIVISION OF FOREIGN STUDIES, OFFICE OF THE SECRETARY; AND JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER

APPROPRIATION ESTIMATE

HIGHER EDUCATION FOR INTERNATIONAL UNDERSTANDING

For grants under the International Education Act of 1966 and for salaries and expenses necessary for carrying out that Act and related international educational activities and support of the National Advisory Committee on International Studies, \$36,525,000, of which \$18,950,000 shall be for grants for centers for advanced international studies and for undergraduate programs in international studies under such Act.

Amounts available for obligation

	1967	1968
Appropriation.....		\$36,525,000
Comparative transfer from "Defense educational activities".....	\$12,700,000	
Comparative transfer from "Foreign language training and area studies".....	3,000,000	
Comparative transfer from "Salaries and expenses, Office of Education".....	475,000	
Proposed for separate transmittal.....	350,000	
Total.....	16,525,000	36,525,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Grants for undergraduate programs in international studies.....				\$5,950,000		+\$5,950,000
Grants for centers for advanced international studies.....				13,000,000		+13,000,000
Languages and area programs.....		\$12,700,000		12,700,000		
Foreign language training and area studies.....		3,000,000		3,000,000		
Center for Educational Cooperation.....	74	750,000	142	1,775,000	+68	1,025,000
National Advisory Committee on International Studies.....		75,000		100,000		+25,000
Total, obligations.....	74	16,525,000	142	36,525,000	+68	+20,000,000

1128 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	74	142	+68
Full-time equivalent of all other positions.....	3	3	-----
Average number of all employees.....	55	118	+63
Personnel compensation:			
Permanent positions.....	\$438,000	\$1,090,000	+\$652,000
Positions other than permanent.....	63,000	77,000	+14,000
Other personnel compensation.....		10,000	+10,000
Total personnel compensation.....	501,000	1,177,000	+676,000
Personnel benefits.....	32,000	80,000	+48,000
Travel and transportation of persons.....	65,000	186,000	+121,000
Rent, communications, and utilities.....	30,000	60,000	+30,000
Printing and reproduction.....	16,000	20,000	+4,000
Other services.....	5,985,000	6,140,000	+155,000
Supplies and materials.....	8,000	10,000	+2,000
Equipment.....	18,000	32,000	+14,000
Grants, subsidies, and contributions.....	9,870,000	28,820,000	+18,950,000
Total, obligations by object.....	16,525,000	36,525,000	+20,000,000

Summary of changes

1967 estimated supplemental appropriation.....	\$350,000
Comparative transfer from "Defense educational activities," title VI-NDEA.....	12,700,000
Comparative transfer from "Foreign language and area studies".....	3,000,000
Comparative transfer from "Salaries and expenses," Office of Education.....	475,000
1967 total estimated obligations.....	16,525,000
1968 estimated obligations.....	36,525,000
Total change.....	+20,000,000

Increases	Base		Changes to base	
	Positions	Amount	Positions	Amount
Built-in: Annualization of 25 positions.....				+\$283,000
Program:				
1. Grants for undergraduate programs in international studies.....				+5,950,000
2. Grants for centers for advanced international studies.....				+13,000,000
3. Language and area centers.....		\$12,700,000		0
4. Foreign language training and area studies.....		3,000,000		0
5. Center for Educational Cooperation.....	74	750,000	+68	+742,000
6. National Advisory Committee on International Studies.....		75,000		+25,000
Total net changes requested.....	74	16,525,000	+68	+20,000,000

EXPLANATION OF CHANGES

1. *Grants for undergraduate programs in international studies.*—An increase of \$5,950,000 will provide ten regional consortia for research and program development, four curriculum development grants to non-profit organizations, and 190 undergraduate institution development grants.

2. *Grants for centers for advanced international studies.*—An increase of \$13,000,000 will provide for support of ten existing centers of excellence, ten centers working towards becoming centers of excellence, and fifteen developing centers that show promise of becoming centers of excellence.

5. *Center for Educational Cooperation*.—An increase of \$742,000 will provide 68 new positions as follows:

Office of the Director.....	4
Clearinghouse—Public Information—Reporting.....	10
Education Officer Support Staff.....	2
American Education Placement Service.....	3
Planning and Evaluation.....	9
Undergraduate Programs for International Studies.....	25
Centers for Advanced International Studies.....	15
Total	68

This will allow for additional planning and an expansion of the operation of the Center for Educational Cooperation as outlined in the President's 1966 Message on International Education. It will also allow for the \$50,000 study called for by the Act on ways to reduce the drain from developing countries of professional persons and skilled specialists whose skills are urgently needed.

6. *National Advisory Committee on International Studies*.—This \$25,000 increase will provide support for a full year of Committee operation.

AUTHORIZING LEGISLATION

PUBLIC LAW 89-698, INTERNATIONAL EDUCATION ACT OF 1966

FINDINGS AND DECLARATION

SEC. 2. The Congress hereby finds and declares that a knowledge of other countries is of the utmost importance in promoting mutual understanding and cooperation between nations; that strong American educational resources are a necessary base for strengthening our relations with other countries; that this and future generations of Americans should be assured ample opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge pertaining to other countries, peoples, and cultures; and that it is therefore both necessary and appropriate for the Federal Government to assist in the development of resources for international study and research, to assist in the development of resources and trained personnel in academic and professional fields, and to coordinate the existing and future programs of the Federal Government in international education, to meet the requirements of world leadership.

AUTHORIZATION AND REPORTS

Sec. 105. (a) There is authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1967, which shall be available only for the purpose of preparing the report provided for in subsection (b) of this section. There are authorized to be appropriated \$40,000,000 for the fiscal year ending June 30, 1968, and \$90,000,000 for the fiscal year ending June 30, 1969, for the purpose of carrying out the provisions of this title. For the fiscal years thereafter there shall be appropriated for the purpose of carrying out the provisions of this title only such amounts as the Congress may hereafter authorize by law.

(b) The Secretary shall prepare, with the advice of the Advisory Committee appointed pursuant to section 106, a report containing specific recommendations for carrying out the provisions of this title, including any recommendations for amendments to this title and to portions of other laws amended by this Act, and shall submit such report to the President and the Congress not later than April 30, 1967.

(c) Prior to January 31, 1968, and prior to January 31 in each year thereafter, the Secretary shall make a report to the Congress which reviews and evaluates activities carried on under the authority of this Act and which reviews other activities of the Federal Government drawing upon or strengthening American resources for international study and research and any existing activities and plans to coordinate and improve the efforts of the Federal Government in international education.

NATIONAL ADVISORY COMMITTEE ON INTERNATIONAL STUDIES

SEC. 106. (a) The President is authorized to establish in the Department of Health, Education, and Welfare a National Advisory Committee on International Studies, consisting of the Assistant Secretary of Health, Education, and Welfare for Education who shall be chairman, and not more than fifteen additional members appointed by the President so that a majority shall constitute a broad representation of higher education in the United States and the remainder shall include representatives of the general public and individuals experienced in foreign affairs.

AMENDMENTS TO STRENGTHEN TITLE VI OF THE NATIONAL DEFENSE EDUCATION ACT OF 1958

Removing Requirement for Area Centers That Adequate Language Instruction Not Be Readily Available

SEC. 201. (a) (1) The first sentence of section 601(a) of the National Defense Education Act of 1958 is amended by striking out "(1)" and by striking out ", and (2) that adequate instruction in such language is not readily available in the United States".

(2) The first sentence of section 601(b) of such Act is amended by striking out "(with respect to which he makes the determination under clause (1) of subsection (a))" and inserting in lieu thereof "(with respect to which he makes the determination under subsection (a))".

Removing 50 Per Centum Ceiling on Federal Participation

(b) The third sentence of section 601(a) of such Act is amended by striking out "not more than 50 per centum" and inserting "all or part" in lieu thereof.

Authorizing Grants as Well as Contracts for Language and Area Centers

(c) Section 601(a) of such Act is amended further by inserting "grants to or" after "arrange through" in the first sentence, and by inserting "grant or" before "contract" each time that it appears in the second and third sentences.

Vesting Authority for Language and Area Programs in Secretary

(d) Section 601 of such Act is further amended by striking out "Commissioner" each time such term occurs therein and inserting in lieu thereof "Secretary".

AUTHORIZATION FOR A STUDY ON WAYS TO REDUCE THE DRAIN FROM DEVELOPING COUNTRIES OF PROFESSIONAL PERSONS AND SKILLED SPECIALISTS WHOSE SKILLS ARE URGENTLY NEEDED

SEC. 301. (a) The Secretary of Health, Education, and Welfare shall conduct a study and investigation to determine (1) the total number of individuals who enter the United States from developing countries annually to further their education, and who remain in the United States; (2) the reasons for their failure to return to their home countries; and (3) means of encouraging the return of such individuals to the countries of their last residence or nationality, so they may put their education and training to work in the service of their homelands.

(b) The Secretary of Health, Education, and Welfare shall report to the President and to the Congress as soon as practicable on his findings and conclusions together with such recommendations for any legislation he deems desirable to encourage the return of such individuals to such countries.

(c) It is hereby authorized to be appropriated the sum of \$50,000 for the purpose of carrying out this study.

PUBLIC LAW 88-665, NATIONAL DEFENSE EDUCATION ACT AMENDMENTS, 1964

"APPROPRIATIONS AUTHORIZED

"SEC. 603. There are hereby authorized to be appropriated \$8,000,000 for the fiscal year ending June 30, 1964, \$13,000,000 for the fiscal year ending June 30, 1965, \$14,000,000 for the fiscal year ending June 30, 1966, \$16,000,000 for the fiscal year ending June 30, 1967 and \$18,000,000 for the fiscal year ending June 30, 1968, to carry out the provisions of this title."

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PUBLIC LAW 87-256, MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961

SEC. 101. STATEMENT OF PURPOSE.—The purpose of this Act is to enable the Government of the United States to increase mutual understanding between the people of the United States and the people of other countries by means of educational and cultural exchange; to strengthen the ties which unite us with other nations by demonstrating the educational and cultural interests, developments, and achievements of the people of the United States and other nations, and the contributions being made toward a peaceful and more fruitful life for people throughout the world; to promote international cooperation for educational and cultural advancement; and thus to assist in the development of friendly, sympathetic, and peaceful relations between the United States and other countries of the world.

SECTION 102

(b) In furtherance of the purposes of this Act, the President is further authorized to provide for—

(6) promoting modern foreign language training and area studies in United States schools, colleges, and universities by supporting visits and study in foreign countries by teachers and prospective teachers in such schools, colleges, and universities for the purpose of improving their skill in languages and their knowledge of the culture of the people of those countries, and by financing visits by teachers from those countries to the United States for the purpose of participating in foreign language training and areas studies in United States schools, colleges, and universities;

SEC. 105. (a) Appropriations to carry out the purposes of this Act, to remain available until expended, are hereby authorized, and this authorization includes the authority to grant, in any appropriation Act, the authority to enter into contracts, within the amounts so authorized, creating obligations in advance of appropriations.

Explanation of transfers

	1967 estimate	1968 estimate	Purpose
Comparative transfer from—			
Defense educational activities, title VI— NDEA, Office of Education.	\$12,700,000	\$12,700,000	Relocate responsibility for these programs in the Center for Educational Cooperation where the similar grant programs authorized by the International Education Act of 1966 are located. Cost of administration and positions are also being transferred.
Foreign language and area studies, Office of Education.	3,000,000	3,000,000	
Salaries and expenses, Office of Education—	475,000	475,000	
Total.....	16,175,000	16,175,000	

	1967 estimate		1968 estimate		Increase	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Grants for undergraduate programs in international studies.....				\$5,950,000		+\$5,950,000
2. Grants for centers for advanced international studies.....				13,000,000		+13,000,000
3. Language and area programs (title VI— NDEA).....		\$12,700,000		12,700,000		
4. Foreign language training and area studies (Fulbright-Hays).....		3,000,000		3,000,000		
5. Center for Educational Cooperation.....	74	750,000	142	1,775,000	+68	+1,025,000
6. National Advisory Committee on International Studies.....		75,000		100,000		+25,000
Total obligations.....	74	16,525,000	142	36,525,000	+68	+20,000,000

JUSTIFICATION OF ESTIMATE

The President's 1966 Message of February 2, 1966 on International Education outlined an overall program to strengthen the international education resources of the United States. The Nation's increasing relations and commitments with other countries are placing a tremendous burden on higher education institutions. Training in the cultures, languages, and current affairs and problems of other countries is receiving considerable attention on campuses, compared to only a few years ago when this was an almost completely neglected area of the curriculum.

The International Education Act of 1966 authorizes grants to higher education institutions in the U.S. to assist in planning, developing, and carrying out comprehensive programs to strengthen and improve undergraduate instruction in international studies and to establish, strengthen, and operate graduate centers to serve as national and international resources for research and training in international studies and the international aspects of professional and other fields of study. Public and private nonprofit U.S. agencies and organizations, including professional and scholarly associations, may also participate in these programs if they can contribute significantly to the purposes of the Act. The 1968 authorization for these two grant programs is \$40,000,000. The budget request is for \$18,950,000; \$5,950,000 for the undergraduate program and \$13,000,000 for the advanced program.

Administration in 1967 of Funds Appropriated to the Office of Education.—The International Education Act of 1966 amended the National Defense Education Act—Title VI program of language and area centers and fellowships to vest authority for these programs in the Secretary of Health, Education, and Welfare instead of the Commissioner of Education. Under this authority and his previous authority for programs under Section 102(b)(6) of the Mutual Educational and Cultural Exchange Act of 1961 (Fulbright-Hays), the Secretary has approved a plan which would, effective during fiscal year 1967, relocate these programs from the Office of Education to the proposed Center for Educational Cooperation under the supervision of the Assistant Secretary for Education. The 1968 President's Budget reflects this relocation of functions and proposes a consolidation of funding for these programs within this proposed appropriation—"Higher Education for International Understanding."

The fiscal year 1968 request of \$36,525,000 will enable the Department of Health, Education, and Welfare to carry out its responsibilities outlined in the Message, to initiate the grant program provided for in the Act, to provide for the continuing costs of the Center for Educational Cooperation, and to provide for continued support of the National Advisory Committee on International Studies, as well as provide for the programs transferred from the Office of Education.

1. Grants for programs in undergraduate international studies

Other expenses :

1967 estimate-----	
1968 estimate-----	\$5,950,000
Increase -----	+5,950,000

Public Law 89-698, the International Education Act of 1966, authorizes the Secretary of Health, Education, and Welfare to make grants to higher education institutions to assist in planning, developing, and carrying out comprehensive programs to strengthen and improve undergraduate instruction in international studies. Grants may also be made to public and private nonprofit agencies and organizations, including professional and scholarly associations, when such awards will make an especially significant contribution to the objectives of the program. Allocation of grants will be based both on geographic distribution, and on the ability of the institution to utilize the funds effectively. The Act provides up to 100 percent Federal funding, but requires that these funds supplement and not supplant existing programs. Institutions will be encouraged, where possible, to reduce the Federal contributions by contributing their own resources.

Section 102 emphasizes the need to provide undergraduate students with meaningful opportunities to understand the world and the role of the United States. From these new opportunities will come a significantly greater number of students committed to graduate international studies and related careers.

To initiate the program in 1968, a \$5,950,000 appropriation is requested to assist American colleges and other eligible organizations in planning, developing, and carrying out a comprehensive program to strengthen and improve undergraduate instructions in international studies for projects during academic years 1967/1968 and 1968/1969. Examples of the kinds of activities that would be included in such comprehensive programs are: (1) planning for the development and expansion of undergraduate programs in international studies; (2) teaching, research, curriculum development and other related activities; (3) training of faculty members in foreign countries; (4) expansion of foreign language courses; (5) planned and supervised student work-study-travel programs; (6) programs under which foreign teachers and scholars may visit institutions as visiting faculty; and (7) programs of English language training for foreign teachers, scholars and students.

The undergraduate programs must create ways of emphasizing the international aspect in the undergraduate experience of all students. This aim calls for country-wide experimentation in program and curriculum evaluation and development. And in order to assure that information on new developments and their results are disseminated immediately and that scarce personnel are used economically, specific cooperative arrangements among institutions will be stressed.

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For the initial accomplishment of this aim during fiscal 1968, three different types of grants will be provided within the \$5,950,000 requested :

(1) Regional Consortia for Research and Program Development Grants: Grants over a period of years will be provided to consortium arrangements in each region of the U.S. for cooperative program research, comprehensive program development and related curriculum planning, testing, and reporting. Such consortia will include consultant arrangements with the Centers for Advanced International Studies-----		\$1,000,000
A. Number of arrangements-----		10
B. Average grant-----		\$100,000
C. Details of expenditure :		
Faculty salaries-----		60,000
Travel -----		10,000
Visiting staff, consultants, and conferences-----		20,000
Miscellaneous and overhead-----		10,000
Total -----		100,000
(2) Nonprofit Organization Curriculum Development Grants: Planning and program development grants will also be provided to nonprofit organizations concerned with curriculum development at all levels of education-----		200,000
A. Number of organizations-----		4
B. Average grant-----		\$50,000
C. Details of expenditures :		
Staff salaries-----		35,000
Travel -----		4,000
Research costs-----		4,000
Miscellaneous -----		3,000
Overhead -----		4,000
Total -----		50,000
(3) Undergraduate Institution Development Grants: Grants will be provided to undergraduate institutions on the basis of geographic distribution, need, and capability for effective utilization of funds for the purposes of the IEA-----		4,750,000
A. Number of institutions-----		190
B. Average grant-----		\$25,000
C. Detail of expenditures :		
Staff, consultants and retaining-----		20,000
Travel, miscellaneous and overhead-----		5,000
Total -----		25,000
2. Grants for centers for advanced international studies		
Other expenses :		
1967 estimate-----		
1968 estimate-----		\$13,000,000
Increase -----		+13,000,000

The International Education Act also authorizes the Secretary to make grants to higher education institutions to establish, strengthen, and operate graduate centers to serve as national and international resources for research and training in international studies and the international aspects of professional and other fields of study. Public and private nonprofit agencies and organizations, including professional and scholarly associations, may also participate in the program if they can contribute significantly to the purposes of the Act. Grants may be used to cover part or all of the cost of the centers, including teaching and research materials, resources, and equipment; training and travel of the staff; bringing visiting scholars and faculty to the centers; and stipends to individuals undergoing training in the centers, including allowances for dependents and for travel and research and study here and abroad. A center might specialize in one geographic area such as Africa or Latin America and/or it might concentrate on a problem common to many countries or specific areas, such as developmental economics or land utilization. In the establishment of centers, a premium will be placed on arrangements which utilize the resources of several institutions, and which seek effective ways to cooperate with academic institutions here and abroad.

The initial request of \$13,000,000 will support some 35 centers at an average cost of \$370,000 each. At times to be determined by institutional readiness, grants will be made to support institutional planning, training, and research in academic years 1967/1968 and 1968/1969.

Through consortium arrangements up to 100 higher education institutions may be involved in the 35 proposed centers, including a significant number of undergraduate institutions.

The strategy of investment in Centers for Advanced International Studies will be based on an overall plan for the development of national resources in international studies and on the involvement of more than one institution in most Centers through consortium arrangements. In selecting the Centers, due consideration will be given to equitable geographic distribution and the most efficient use of existing resources. Support over a number of years will be required to accomplish these broad purposes. Centers will fall into three types: Type I Centers have already achieved excellence and considerable breadth and depth; Type II Centers are still in certain departments or schools, but lack scope and consistent quality; Type III Centers have the capability of reaching high quality and broad coverage, but need financial assistance to reach the level of Type II and finally of Type I. The following table shows the three types of grants to be provided in 1968 within the request for \$13,000,000:

(1) Existing centers of excellence-----	\$7,000,000
A. Number of institutions-----	10
B. Average size of grant-----	700,000
C. Details of expenditure:	
Faculty support (including a consultant for undergraduate institutions) (22)-----	330,000
Graduate student support (45)-----	180,000
Clerical and research support (7)-----	28,000
Faculty and student travel-----	50,000
Library acquisitions-----	20,000
Equipment and materials-----	20,000
Planning (consultants, committee, etc.)-----	15,000
Visiting staff-----	25,000
Miscellaneous and overhead-----	32,000
Total-----	700,000
(2) Improving centers-----	3,000,000
A. Number of institutions-----	10
B. Average size of grant-----	300,000

C. Details of expenditure:

Faculty support (including a consultant for under-graduate institutions) (7)-----	105,000
Faculty development (7)-----	70,000
Graduate student support (12)-----	48,000
Clerical support (3)-----	12,000
Library acquisitions-----	13,000
Faculty and student travel-----	12,000
Equipment and materials-----	5,000
Planning and consultants-----	10,000
Visiting staff-----	15,000
Miscellaneous and overhead-----	10,000
Total -----	300,000

(3) Developing centers----- 3,000,000

A. Number of institutions----- 15

B. Average size of grants----- 200,000

C. Details of expenditure:

Institutional planning (consultants, etc.)-----	40,000
Faculty development-----	40,000
Faculty travel-----	20,000
Library acquisitions-----	45,000
Visiting staff-----	35,000
Miscellaneous and overhead-----	20,000

Total ----- **200,000***3. Language and area programs*

	1967 estimate	1968 estimate	Increase
(a) Language and area centers—Other expenses-----	\$5,830,000	\$5,830,000	0
(b) Language and area fellowships—Other expenses-----	6,870,000	6,870,000	0
Total -----	12,700,000	12,700,000	0

JUSTIFICATION OF ESTIMATE

These programs relate to the very specific field of language study and fellowship for the training of teachers and experts in language, and would be a compliment to the broader and more diversified centers for advanced international studies authorized by the International Education Act, which focus on the full spectrum of a problem and do not necessarily include language.

An amount of \$18,000,000 is authorized for fiscal year 1968 for Title VI, which includes this program and foreign language research which is included under the "Research and Training" appropriation in the Office of Education.

(a) *Language and Area Centers*.—Grants are provided under Title VI of the National Defense Education Act to strengthen and improve the teaching of modern foreign languages and area studies by supporting language and area centers. Because these programs are making available more and better course offerings and thereby encouraging more students to study language and area subjects, the Nation will gradually be able to produce a more continuous flow of experts at various levels to serve its manpower needs.

The International Education Act of 1966 amends Title VI so that now (1) needed support can be provided to other than the "rare" languages, (2) the Federal share may be used for all or part of the costs, and (3) grants as well as contracts can be utilized in negotiating projects.

The fiscal year 1966 appropriation provided for the continuance of 98 language and area centers during academic year 1966/1967 and the conducting of 24 programs at these centers during the summer of 1966. These 98 centers at 61 colleges and universities have expanded instruction in more than 70 languages of critical importance and related area studies. The number of centers by world area is as follows: Asian 4, East Asian 20, Slavic and East European 18, Middle Eastern 11, African 11, Latin American 16, Asian-Slavic 2, Uralic-Altaic 2, Northwest European 1, and South and Southeast Asian 13.

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The fiscal year 1967 and fiscal year 1968 estimate of \$5,830,000 for language and area centers represents an increase of \$750,000 over 1966, and will support 98 centers during academic year 1967/1968 and 1968/1969 and 21 summer programs in 1967 and 1968. This increase will provide (1) \$679,000 for expansion of the 98 currently existing centers to strengthen their course offerings and staff, at an average cost of about \$6,930; (2) \$72,137 to provide for growth of 21 summer programs at existing centers.

The following is a summary of the cost breakdowns included in the estimate:

	1967 estimate	1968 estimate
98 continuing centers at an average cost of \$47,660 in 1967 and \$54,590 in 1968 -	\$4, 670, 000	\$5, 349, 000
Expansion funds available for the 98 centers at an average unit cost of \$6,930 in 1967 -	679, 000	-----
21 summer programs at an average cost of \$22,905 -	481, 000	481, 000
Total -	5, 830, 000	5, 830, 000

(b) *Language and Area Fellowships.*—Title VI of the National Defense Education Act, in addition to providing support for language and area centers, authorizes the award of modern foreign language fellowships. Recipients of such grants must be potential foreign language or area teachers in institutions of higher education or experts providing other services of a public nature. The program has been extremely effective in encouraging more students to study language and area subjects and in gradually producing a continuing flow of experts at various levels.

With the Nation's commitment in the area of international relations and studies, as emphasized in the President's Message on International Education, it is urgent that continuing and increased support be given to provide the vitally needed teachers and experts in foreign languages and areas.

The fiscal year 1966 appropriation supported 1,998 fellowship awards for advanced training in 65 critical languages and related area studies. The distribution of fellowships by world area was as follows: East Asian 26%, Southeast Asian 3%, South Asia 10%, Eastern European (including USSR) 17%. Western European 2%, Middle Eastern 14%, African 9%, and Latin American 19%. Of the 1,998 awards, graduate fellowships represent 1,507; undergraduate stipends, 474; and postdoctoral fellowships, 17.

For fiscal year 1967 and fiscal year 1968, an amount of \$6,870,000 for each year will provide for about 2,405 foreign language fellowships. An increase of \$471,783 will raise the number of graduate fellowships from 1,507 in 1966 to 1,825 in both 1967 and 1968. The average cost per award is expected to decrease due to an emphasis on additional awards for intensive study during the summer only. An increase of \$91,190 will provide an additional 76 undergraduate stipends at \$900 to be used for intensive summer study in certain critical languages. The postdoctoral program will continue with an increase of \$187,027 which will raise the number of awards from 17 in 1966 to 30 in 1967 and 1968. Faculty of 4-year colleges are enabled by postdoctoral awards to acquire special qualifications for teaching and administrative positions in non-Western undergraduate programs.

Following is a table which summarizes the above costs by fiscal year:

	1966 actual	1967 estimate	1968 estimate
Graduate fellowships:			
1,507 in 1966 at an average cost of \$3,678 -	\$5, 543, 217	-----	-----
1,825 in 1967 at an average cost of \$3,296 -	-----	\$6, 015, 000	-----
1,825 in 1968 at an average cost of \$3,296 -	-----	-----	\$6, 015, 000
Postdoctoral awards:			
17 in 1966 at an average cost of \$10,174 -	172, 973	-----	-----
30 in 1967 at an average cost of \$12,000 -	-----	360, 000	-----
30 in 1968 at an average cost of \$12,000 -	-----	-----	360, 000
Undergraduate summer stipends:			
474 in 1966 at \$852 -	403, 810	-----	-----
550 in 1967 at \$900 -	-----	495, 000	-----
550 in 1968 at \$900 -	-----	-----	495, 000
Total -	6, 120, 000	6, 870, 000	6, 870, 000

NOTE.—Average costs include stipends, travel allowances, and allowances per dependent of \$600 per academic year and \$120 per summer session.

4. Foreign language training and area studies

Other expenses:

1967 estimate-----	\$3,000,000
1968 estimate-----	3,000,000
Increase -----	

Section 102(b) (6) of the Mutual Educational and Cultural Exchange Act of 1961 (Fulbright-Hays) provides an opportunity for U.S. professors, teachers and/or prospective teachers of modern foreign languages to live in the country whose language they teach and to learn first-hand about the people and society of the country to which they go for their study or research. It also allows teachers from foreign countries to participate in foreign language and area studies in the United States. Needed improvements in instruction and curricula of modern foreign language and area studies can be brought about through such experience. The IEA program is to assist in planning, developing and carrying out a comprehensive program to strengthen and improve instruction in international studies. The Fulbright-Hays program could provide the limited assistance to an institution which is not capable or ready for the comprehensive program under the International Education Act, and be used to complement the larger program.

A total of 364 individual grants for foreign language training and area studies were supported in fiscal year 1966. Nearly half of these grants were awarded for attendance at seven summer seminars in as many countries for elementary and secondary specialists in the fields of modern foreign language and area studies. The total included 178 grants for overseas research and study—110 to graduate students who are preparing for university teaching careers, 48 to faculty members of NDEA language and area centers, and 20 to college instructors and high school specialists, to improve their competency by study abroad. To improve and strengthen language and area studies programs in the United States, grants were awarded to 15 curriculum specialists from 8 foreign countries who will work with American city and county school systems and State departments of education.

The fiscal year 1967 and 1968 estimates of \$3,000,000 will provide about 576 grants each year for foreign language and area studies. Of the 221 grants for overseas research and study, 126 will be awarded to graduate students preparing for college and university teaching careers, 60 will be awarded to NDEA language and area center faculty members, and 35 will be awarded to college instructors and high school specialists. A foreign studies extension program (new in 1967) will support 14 grants for 175 participants in 1967 and 26 grants for 325 participants in 1968 to American institutions of higher education to carry out activities overseas which will extend and improve curriculum in modern foreign language and area studies. About 150 awards will be made to secondary school specialists to attend summer seminars abroad in 1967; beginning in 1968 the summer seminars will be administered as part of the above foreign studies extension program. A total of 30 foreign language and area specialists from abroad will be included in 1967 and 1968 programs. In addition to placements with American school districts and State departments of education, the services of these experts will also be made available to American colleges and universities, including the NDEA language and area centers. Finally, about \$78,600 will be used each year for overseas professional support services for the expanded program.

Summary

	1966 actual	1967 estimate	1968 estimate
1. Grants for overseas research and study-----	\$1,512,690	\$1,911,400	\$1,911,400
(a) Graduate students:			
110 in 1966 at an average cost of \$7,030-----	773,382		
126 in 1967 and 1968 at an average cost of \$6,900-----		869,400	869,400
(b) NDEA faculty:			
48 in 1966 at an average cost of \$11,712-----	562,160		
60 in 1967 and 1968 at an average cost of \$12,000-----		720,000	720,000
(c) Professors and high school specialists:			
20 in 1966 at an average cost of \$8,857-----	177,148		
35 in 1967 and 1968 at an average cost of \$9,200-----		322,000	322,000
2. Foreign language and area studies specialists from abroad--	178,910	360,000	360,000
(a) For State and local school districts:			
15 in 1966 at an average cost of \$11,927-----	178,910		
15 in 1967 and 1968 at an average cost of \$12,000-----		180,000	180,000
(b) For NDEA Centers:			
15 in 1967 and 1968 at an average cost of \$12,000-----		180,000	180,000
3. Summer seminars abroad (secondary specialists)-----	308,400	300,000	
(a) 171 in 1966 at an average cost of \$1,803-----	308,400		
(b) 150 in 1967 at an average cost of \$2,000-----		300,000	
4. Foreign studies extension program-----		350,000	650,000
(a) 175 participants in 1967 through 14 grants to universi-			
ties on an average cost of \$25,000-----		350,000	
(b) 325 participants in 1968 through 26 grants to universi-			
ties at an average cost of \$25,000-----			650,000
5. Overseas professional support services-----		78,600	78,600
Present program level-----		78,600	78,600
Total-----	2,000,000	3,000,000	3,000,000

NOTE.—Rates for various types of awards are established by the Board of Foreign Scholarships.

5. Center for educational cooperation

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits-----	74	\$518,000	142	\$1,230,000	+68	+\$712,000
Other expenses-----		232,000		545,000		+313,000
Total-----	74	750,000	142	1,775,000	+68	+1,025,000

The Center for Educational Cooperation will be a focal point for leadership in international education, provided within an organizational setting which emphasizes educational rather than political or military purposes. The focus is demanded by the long-range commitment by this country to its own citizens and to other citizens of the world. The commitment itself will continue to grow in magnitude and diversity. The Center will work towards the objective of providing an orderly response to that growth by stimulating cooperation between the world educational community in general, but most particularly among the Federal Government and the U.S. higher education community.

More specifically, the functions of the Center will be:

(1) To administer the new grant programs authorized by the International Education Act and other related international programs recently transferred to the Center.

(2) To serve as the main point in the government for periodic review and overview of the total government effort in international education and for planning and action on the longterm questions of educational cooperation.

(3) To serve as a clearinghouse for information about activities, public and private, related to educational cooperation with other nations.

(4) To serve as a placement service which would act as an international recruitment and matching mechanism for American teachers with a view towards eventual development of a World Teacher Exchange.

(5) To provide professional support, and access to the U.S. educational community, for Education Officers in Missions abroad.

(6) To provide a setting for a continuing dialogue between Federal agencies and non-Federal educational institutions and organizations, such as to produce a climate of confidence and understanding as well as to act as a primary "point of contact" in the Federal Government for Americans or nationals of other countries who have ideas or concerns related to international education.

(7) To continue the planning for and accomplishment of the World Conference on International Education, as well as other conferences and seminars involving educational leaders and experts.

(8) To provide liaison with the National Advisory Committee for International Studies.

The Center is composed of a Director and assisting staff who will be responsible for the organization and direction of the operation of the Center, the Office of Planning and Evaluation, and three program offices: (1) Centers for Advanced International Studies, (2) Undergraduate Programs for International Studies, and (3) Language and Area Training Programs. The National Advisory Committee on International Studies, appointed by the President, and composed of outstanding leaders in American education, business, labor, the professions, and philanthropy, will advise the Center in its operations, programs, and the carrying out of the provisions of the International Education Act of 1966.

The budget request of \$1,775,000 will provide for 68 new positions and continued support of the 74 positions supported in fiscal year 1967, in order that the Center may carry out its responsibilities during 1968. It will also provide \$75,000 as Department of Health, Education, and Welfare's share of the joint support of the World Conference on Education scheduled for the fall of 1967.

A more detailed breakdown of the funding and positions for the overall administration of the International Educational Activities follows:

	1966 actual	1967 estimate	1968 estimate	Increase
Number of positions.....		74	142	+68
Man-years of employment.....		48	118	+70
Personnel compensation and related benefits.....		\$529,700	\$1,230,000	+\$700,300
Travel.....		54,000	168,000	+114,000
Contractual services.....		107,500	1255,000	+147,500
All other expenses.....		58,800	122,000	+63,200
Total.....		750,000	1,775,000	+1,025,000

¹ Breakdown of contractual services:

Development of selected critical list of library materials for foreign studies.....	\$65,000
Program review of selected centers and undergraduate programs in operation.....	110,000
Study on ways to reduce the drain from developing countries of professional and skilled specialists (authorized by act).....	50,000
Miscellaneous services.....	30,000

OFFICE OF THE DIRECTOR

Immediate Office of the Director (4 new positions).—The Office of the Director is responsible for the organization and operation of the Center. The Center's activities during fiscal year 1968 will include:

Organizational planning for the Center, particularly with respect to potential use of field staff;

Development and evaluation of grant procedures;

Development of initial management policies;

Establishment of a career development program for the Center;

Administration of the International Education Act of 1966;

Administration of the language and area center grant program under Title VI of NDEA, as well as Section 102(b) (6) of the Mutual Educational

and Cultural Exchange Act which provides funds for improving foreign language training and area studies by visits and studies abroad by teachers and prospective teachers;

Support (other than salaries which will be paid by the Department of State) for a corps of Education Officers to be located in American Embassies overseas;

Planning for an American Education Placement Service;

Operation of a clearinghouse for information about international education;

Cooperative liaison with the National Advisory Committee on International Studies, Office of Education, and the Department of State;

Planning for and accomplishing the World Conference of educational leaders and experts; and

Development of criteria for support of other conferences and seminars.

Four new positions are requested, making a total of nine positions in the immediate office of the Director. The new positions will provide for overall administrative and program coordination for the Center as well as management advice to the Director and his staff. In addition, the Clearinghouse—Public Information—Reporting function, Education Officer Support function, and the American Placement Service function will be included as staff offices of the Director. Fifteen new positions are requested for these functions.

Clearinghouse—Public Information—Reports (10 new positions).—The Center will serve as a clearinghouse for information concerning the total range of our national effort in international education. Such information might involve curricula and programs, data on student participation, research, availability of teaching talent, funding, or educational opportunities. Many organizations already exist which gather data on one or more facets of international education. It will be the role of the Center to assure that international education information needs are identified, that the methods for meetings these needs are described, and that the processing of this information is developed in an orderly and effective manner, as well as becoming the focal point for collection and dissemination of information on international education. In the long range, the clearinghouse function will be responsible for meeting Center statistical staff needs, providing data processing competence, and managing the overall job of gathering and disseminating information. During fiscal year 1968, staff will be required to plan and administer the clearinghouse function and to build a public information and reports management facility.

Corps of Education Officers (2 new positions).—The Education Officers will be recruited from the ranks of outstanding educators who will serve in the U.S. Foreign Service, and will report directly to the Ambassador when serving in foreign missions. The Center for Educational Cooperation will have a number of responsibilities with respect to administration of the Corps, including:

Defining qualifications for the Officers;

Recommending individuals for appointment to the Corps;

Orientation before going abroad;

Assisting in the development of education programs for the Officers during tours of duty at home; and

Providing professional educational services during the Officers' tour of duty abroad.

American Education Placement Service (3 new positions).—The President, in his Message to Congress on February 6, 1966, proposed that an American Education Placement Service be established in the Department of Health, Education, and Welfare. Such a Service would act as an international recruitment and matching mechanism for American teachers with a view towards eventual development of a World Teacher Exchange.

Initially, the Placement Service will:

Identify candidates for overseas assignment;

Identify overseas opportunities;

Match the man and the position; and

Assist in his replacement on his return to the U.S.

Based on preliminary review, it appears advantageous to utilize these already existing resources through contract arrangements. Other placement type activities are currently conducted within the Office of Education. Some of these activities will be transferred into the Service. New staff requested for the American Placement Service in fiscal year 1968 will:

Complete the analysis and planning required to define the dimensions and methods of operation of a Placement Service;

Begin directing, by contract or internally, those elements of a Service which merit priority attention; and

Review current sources of financial support to teachers who go to areas of special hardship; recommend methods of supplemental assistance.

Planning and Evaluation (9 new positions).—The basic objectives of the Office of Program Planning and Evaluation is to review the total effort in the Federal Government and, based on that review, provide leadership and policy guidance in the development of international educational policies and program planning. In addition, this office will provide the focus for planning and administration on long-term questions of educational cooperation. With respect to the Center, the Office of Program Planning and Evaluation will need to continually evaluate how the programs of the Center can best contribute to the cooperation effort.

For fiscal year 1968, 9 additional positions are requested, making a total of 17 positions required for day-to-day planning needed to get the Center firmly established. Some planned specific activities are:

A survey of the current status of international studies (e.g., programs, literature, facilities);

A review with the Office of Education to develop cooperative work plans in the area of research in international education activities; and

Initiation of a series of cost benefit analyses of international education activities.

As continuing activities, the Office will also:

Prepare a report to Congress evaluating activities carried on under authority of the International Education Act of 1966 and under other Federal authorities as required by the Act;

Evaluate and coordinate the implementation of recommendations made by the National Advisory Committee on International Studies;

Develop a program and management analysis capability for the Center;

Develop and administer a planning-programming-budgeting system for the Center;

Develop an analytical capability of the Center in manpower research; and

Develop a management information system for the Center.

The Office of Program Planning and Evaluation will also need a staff position to evaluate legislative proposals, plan and prepare new legislation, and provide Center-wide legislative services.

Undergraduate Programs for International Studies (25 new positions).—For 1968, 34 positions, including 25 new positions requested, will be needed to carry out the Undergraduate International Studies Program which is expected to produce about 1,500 proposals which must be analyzed and evaluated so that finally some 200 grants can be awarded. The positions will be required to initiate the first phases of a grant program, including:

Announcing and explaining the program to prospective participants;

Establishing regulations, policies and procedures, and developing manuals finally some 200 grants can be awarded. The positions will be required to initiate the first phases of a grant program, including:

Conducting area-wide conferences to provide full program information to institutions of higher education;

Selecting panels of expert consultants to evaluate the proposals;

Negotiating agreements with institutions and organizations who finally receive the grant awards;

Preparing documentation of the agreements, and developing and issuing notifications and reports to the President, the Congress, and the public;

Establishing program and fiscal records; and

Beginning development of program and guidelines for subsequent fiscal years.

Centers for Advanced International Studies (15 new positions).—For fiscal year 1968, 18 positions, including 15 new positions requested, will be required to initiate the first phases of the grant program in which 35 centers for advanced international studies will be funded. The functions listed for the undergraduate program above will be required in dealing with the some 200 proposals expected from graduate institutions. Although the graduate proposals are fewer in number, they will be much more complex than those for undergraduate grants. The proposals will involve up to 100 institutions and organizations through consortia, and each proposal through complex arrangements must focus a wide variety of academic disciplines on international problems as they affect large areas of the world. The scope and long-range implications of the Centers will require close attention to but are not limited to planning, regulations, extensive conferences with potential clientele, and selection and support for panels of experts. On-site consultations will be needed in negotiating every grant agreement for these Centers.

Language and Area Training Programs (No additional positions).—No additional positions are requested for this function during fiscal year 1968. A total of 49 positions are currently provided for the administration of Section 601 of the National Defense Education Act and the Foreign Language Training and Area Studies to be transferred from the Office of Education in fiscal year 1967.

6. National advisory committee on international studies

Other expenses:

1967 estimate	-----	\$75,000
1968 estimate	-----	100,000
Increase	-----	+25,000

Section 106 of the International Education Act of 1966 authorizes the President to appoint the Advisory Committee consisting of 15 members, excluding the Chairman, who is the Assistant Secretary of Health, Education, and Welfare for Education, to advise the Secretary in carrying out the provisions of the Act, including recommending legislative changes in operation of the Center for Educational Cooperation and in any other items concerning international education the Secretary refers to the Committee.

During fiscal year 1968, it is estimated that the Committee will meet every other month, for approximately two days each, requiring about \$30,000 for compensation, per diem and travel for the members. The remaining \$70,000 will be required to support the Committee staff, to be appointed without regard to Civil Service classification.

1144 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

New positions requested, fiscal year 1968

	Grade	Annual salary
OFFICE OF THE DIRECTOR		
Immediate Office of the Director:		
Program coordinator	GS-15	\$17,550
Administrative officer	GS-14	15,106
Secretary	GS-5	5,331
Clerk (messenger)	GS-3	4,269
Subtotal (4)		42,256
Clearinghouse-public information-reporting:		
Program director	GS-15	17,550
Program specialist	GS-14	15,106
Reports management officer	GS-14	15,106
Information management specialist	GS-14	15,106
Information specialist	GS-13	12,873
Visual information specialist	GS-12	10,927
Secretary	GS-6	5,867
Secretary (2)	GS-5	10,662
Clerk-typist	GS-4	4,776
Subtotal (10)		107,973
Corps of education officers:		
Project director	GS-15	17,550
Secretary	GS-6	5,867
Subtotal (2)		23,417
American Education Placement Service:		
Director, American Education Placement Service	GS-15	20,075
Education specialist	GS-14	15,106
Secretary	GS-7	6,451
Subtotal (3)		41,632
Total new positions, Office of the Director (19)		215,278
OFFICE OF PLANNING AND EVALUATION		
Deputy Director	GS-15	17,550
Program specialist	GS-14	15,106
Program evaluation specialist	GS-13	12,873
Legislative specialist	GS-13	12,873
Systems analyst	GS-12	10,927
Research assistant	GS-9	7,696
Secretary	GS-6	5,867
Secretary (2)	GS-5	10,662
Total (9)		93,554
UNDERGRADUATE PROGRAMS FOR INTERNATIONAL STUDIES		
Program staff:		
Supervisory specialist on foreign activities	GS-15	17,550
Key specialist (3) (1 per 300-400 institutions)	GS-14	45,318
Specialist (4)	GS-13	51,492
Research assistant (3)	GS-7	19,353
Secretary	GS-6	5,867
Do.	GS-5	5,331
Do.	GS-4	4,776
Subtotal (14)		149,687
Research, program planning, and reports:		
Chief	GS-14	15,106
Program planning specialist	GS-13	12,873
Research reports specialist	GS-13	12,873
Secretary	GS-5	5,331
Clerk-typist	GS-3	4,269
Subtotal (5)		50,452
Grants management:		
Grants management officer	GS-14	15,106
Do.	GS-13	12,873
Fiscal assistant	GS-7	6,451
Secretary (2)	GS-5	10,662
Clerk-typist	GS-3	4,269
Subtotal (6)		49,361
Total new positions, undergraduate programs (25)		249,500

New positions requested, fiscal year 1968—Continued

	Grade	Annual salary
CENTERS FOR ADVANCED INTERNATIONAL STUDIES		
Program staff:		
Chief specialist.....	GS-15	\$17,550
Program specialist (2).....	GS-14	30,212
Research assistant (2).....	GS-9	15,392
Secretary.....	GS-6	5,867
Clerk-typist (3).....	GS-4	14,328
Subtotal (9).....		83,349
Research, program planning, and reports:		
Chief.....	GS-14	15,106
Program planning specialist.....	GS-13	12,873
Secretary.....	GS-5	5,331
Subtotal (3).....		33,310
Grants management:		
Grants management officer.....	GS-13	12,873
Fiscal assistant.....	GS-7	6,451
Secretary.....	GS-5	5,331
Subtotal (3).....		24,655
Total new positions, centers for advanced international studies (15).....		141,314
Total new positions requested (68).....		699,646

INTRODUCTION OF ASSOCIATES

Senator HILL. The next group is Dr. Miller's group.

All right, Doctor, we are glad to have you here.

You may proceed.

Mr. MILLER. I am Paul Miller, Assistant Secretary for Education. On my right is Dr. Colmen, Deputy Assistant Secretary for Education and Dr. Hamilton, Acting Director, Division of Foreign Studies in the Office of Education, detailed to the Office of the Secretary, which deals with the work in this field.

BUDGET BUREAU REDUCTION

Senator HILL. You had quite a cut by the Bureau of the Budget, is that right?

Mr. MILLER. The authorization for the new International Education Act was \$40 million. The budget request is \$20 million.

PROGRAM INITIATION DELAY

May I say in view of the fact that no funding occurred last fall after the International Education Act was passed it means we are delayed a year in getting started, so I would dare say, Mr. Chairman, that this is a wise and appropriate recommendation in spite of the authorization.

Senator HILL. You didn't get started as you contemplated when the act provided?

PREPARED STATEMENT

Mr. MILLER. That is correct. The International Act was passed in the closing hours of Congress, as you know, and there was not time to consider any funding. I would like, if it is agreeable with you, Mr. Chairman, to submit to the record a complete statement.

Senator HILL. We will be glad to have it and you can proceed.

(The statement follows:)

My associates and I welcome this opportunity to present our 1968 budget request for \$36,525,000. It will enable us (1) to implement the grant program authorized by the International Education Act of 1966, (2) to develop the Center for Educational Cooperation, (3) to support the National Advisory Committee on International Studies, (4) to continue the language and area programs under the National Defense Education Act, and (5) to continue the foreign language training and area studies under the Fulbright-Hays Act.

These programs have a common objective: to increase the capability of American faculty members and students in world affairs. The Nation's increasing part in the world scene has great implications for the education and training of Americans, both as to vocational preparation and the responsibilities of citizenship. It becomes increasingly clear that education is the basis for world understanding. But, as Secretary Gardner has said, "America, too, is a developing country. One of our areas of underdevelopment is our knowledge of other peoples and cultures, of their history and languages, of the processes of change and of economic and political growth." The present resources of colleges and universities fall far short of meeting national needs. Through these programs, we will be able to help in providing the necessary resources.

Section 101 of the International Education Act will provide grants to higher education institutions in the United States in order to establish, strengthen, and operate graduate centers to serve as national resources for research and professional training in international studies. A single center might specialize in all matters affecting one geographic area, or it might concentrate on a problem common to many countries or specific areas of need, such as agriculture or business development. Our request of \$13,000,000 will fund about 35 such centers at varying degrees of development. Included will be costs for such items as teaching and research materials, resources and equipment; training and travel of staff; bringing visiting scholars and faculty to the centers; and stipends for individuals undergoing training in the centers.

Section 102 of the Act authorizes grants to colleges, universities, and in some cases, public and private non-profit U.S. agencies and organizations, including professional and scholarly associations, to plan, develop, and carry out programs for strengthening and improving undergraduate instruction in international studies. Only a small proportion of U.S. students experience an adequate curriculum in international understanding. It has become urgent that many more of our college students should have an opportunity to obtain a clearer perception of our Nation's role in a rapidly changing world. In fact, this is a requisite if we are to meet the need for a well educated citizenry to understand and cope with the complex world in which we live. Our request of \$5,950,000 will initiate Section 102 of the Act and will support about 200 planning grants to institutions, non-profit agencies, and groups of institutions to assist in developing comprehensive programs of international studies. Projects might involve such activities as developing an overall curriculum with an international flavor, expanding foreign language and area courses, obtaining foreign teachers and scholars as visiting faculty, planning and supervising work-study-travel programs for students, and providing faculty members of U.S. colleges and universities with refresher and other experiences to improve their interests and competence in international affairs.

Under Title VI of the National Defense Education Act, the language and area programs will continue to strengthen the specific fields of language study and fellowships for the training of teachers and experts in language. This would be a complement to the broader and more diversified centers for advanced international studies referred to above. These programs are being transferred this fiscal year from the Office of Education to this appropriation. Requesting funding of \$12,700,000 is the same amount that is available for fiscal year 1967.

Foreign language training and area studies, under the Fulbright-Hays Act, are also being transferred from the Office of Education to this appropriation during the present fiscal year. This program will continue to provide an opportunity for U.S. professors, teachers and/or prospective teachers of modern foreign languages to live in the country whose language they teach and learn first-hand about the people and society of that country. It also arranges for teachers from foreign countries to participate in foreign language and area studies in the United States. Needed improvements in instruction and curricula of modern foreign language and area studies can be brought about through such experience. Although this activity has an aim similar to the grant programs under Sections 101 and 102 of the International Education Act, it is limited in scope to

language development. The IEA program is to assist in planning, developing, and carrying out a comprehensive program to strengthen and improve instruction in all fields of international studies. The language and area program could provide the limited assistance to an institution which is not capable or ready for the comprehensive program under the International Education Act.

We are requesting \$1,775,000 and 68 new positions to expand the Center for Educational Cooperation in order to carry out our Department's new responsibilities in the international education program. In addition to administering the provisions of the International Education Act, the Center will serve as a focal point for leadership and as a clearinghouse for information in this area. It will review the total government effort in international education, and serve to identify and encourage Americans to pursue careers in this field and also arrange for their training. Further, it will provide professional support for Education Officers in Missions abroad and provide liaison with the National Advisory Committee on International Studies. For this Committee, we are requesting \$100,000 for support. It is to be appointed by the President as authorized by the Act and composed of outstanding leaders in American education, business, labor, the professions, and philanthropy who will advise the Center in its operations and programs.

The international obligations of the American universities will not diminish; they must be met with improved research practices, more sensitive teaching about the cultures of other peoples, and scholarship that adds to our understanding of the processes that shape our world.

President Johnson's now classic speech at the Smithsonian Institution voiced these needs and gave them direction. Congress concurred with passage of the International Education Act. Time, talent, and new techniques are to be devoted to this neglected aspect of bringing up our children, of training young adults, and of preparing those who will shape the trends in our Nation. The central focus provided by the Center for Educational Cooperation and adequate funding for the International Education Act will give us the long-delayed resources for this urgent responsibility.

For two decades, the American academic community has evidenced a growing concern with the inadequacy of international research and education. Conference after conference and report after report have requested assistance for a marked improvement of our resources in this field.

Our Nation has placed greater and greater burdens upon institutions of higher learning for knowledge about the world, but it has not provided the planning and support to help them increase their capability in world understanding. Active planning to improve the international efforts of our colleges and universities is now underway throughout the entire country. Needless to say, the current enthusiasm of our educational community for these new efforts underscores our belief that these requested funds can be efficiently used to begin this enormous task which confronts us.

Mr. Chairman and Members of the Committee: I earnestly believe that this Act, if adequately supported, will have an impact upon American education not equalled since the Morrill Act of a century ago. It can strengthen our colleges and universities as great national resources for international understanding. It is in the interest of every American citizen that this momentous program, which aims to correct one of the gravest weaknesses of American education, be soundly conceived. That this may begin is why we are here.

CONSOLIDATION OF NATIONAL DEFENSE EDUCATION ACT LANGUAGE AND AREA PROGRAMS AND NEW PROVISIONS OF INTERNATIONAL ACT

Mr. MILLER. For the benefit of your time I will simply touch on a few high points.

Now, this is in a sense a new budget expression. It brings together an older program under the National Defense Education Act, the language and area centers programs under NDEA, and the new provisions of the International Education Act which was passed last fall but not funded.

Because these have a relationship to each other, the Department elected to bring them together as a common effort and give it a title of "Higher Education for International Understanding."

GRANT PROGRAM IMPLEMENTATION

In the first paragraph of our statement we deal with five program elements in one. The new element deals with the \$18,950,000 request for implementation of the grant program authorized by the International Education Act.

BUDGET REQUEST

Secondly, of our total request of \$36,525,000 there is \$1,775,000 provided for the Center for Educational Cooperation. Another \$100,000 of the request would support the National Advisory Committee on International Studies, which the law calls for, to bring us into the closest possible relationship with the planning of the academic community.

LANGUAGE AND AREA PROGRAMS AND FULLBRIGHT-HAYES ACT ASSIGNMENTS

Then our budget would continue the older programs at the fiscal year 1967 level of \$15,700,000, including the language and area programs under NDEA of 1958 and some of the assignments to the Office of Education of HEW under the Fulbright-Hayes Act, the exchange of teachers and faculty.

Senator HILL. Yes, the exchange program.

FACULTY AND COLLEGE AND UNIVERSITY STUDENT CAPABILITIES INCREASE

Mr. MILLER. I think the important point to make about the newer programs is that they have a common objective with the others; that is, to increase the capability of American faculty members and students in the colleges and universities. May I say there has been some misunderstanding about this, due to the fact the bill was called the International Education Act. and some people have developed a feeling this was some kind of foreign aid, some kind of foreign assistance program. This is not true. It is oriented to the improvement of the capability of our own country in international subjects.

GRADUATE STUDY AND RESEARCH CENTERS

The International Education Act has two fundamental provisions. One deals with graduate work and research centers. We are making a request of \$13 million which is to provide for funding of some 35 universities, to begin to develop them as major national resources in the field of international research and education.

UNDERGRADUATE STUDIES IN INTERNATIONAL TOPICS

The second provision of the International Education Act deals with undergraduate studies. This would make possible work on improving our educational system at the undergraduate level on international topics. The request is just short of \$6 million in that particular category. These efforts represent the new program of the International Education Act.

LANGUAGE AND AREA PROGRAMS

On the second aspect of the budget request, the older programs, a total of 16 million has to do with the Fulbright-Hays Act and title VI of the National Defense Education Act, which for almost 10 years has supported programs, the only real true Government support, on a non-mission-oriented basis, to colleges and universities in this field.

It has sponsored some 98 language and area centers at 61 universities. Two-thirds of our experts in the languages of the world today, and some 70 languages being involved, have been produced in this last 10-year period. I think you would agree this has made a great contribution to our country over the past few years.

The request for the old program is \$15.7 million, which, when added to the \$20.8 million for the International Education Act, would come out with a request of \$36,525,000.

CENTER OF EDUCATIONAL COOPERATION

Included in the request is \$1,775,000 and 68 new positions to begin the Center of Educational Cooperation to administer the various programs. I will not go into it in particular detail except as I pointed out.

PROGRAM REQUESTS

May I say, in closing these remarks, something about the crucial importance of this.

Mr. Chairman, I came here in the fall from the presidency of West Virginia University. I have been involved in the international education field, which has been underway in the last 15 or 20 years. During this period, the U.S. Government has called year after year, month after month, day after day, upon the colleges and universities to help this country in technical assistance work abroad, under AID and other programs, to provide services for foreign visitors who come to our shores, and to develop various languages and linguistic research. Other than what I have referred to, together with help from private foundations, the support for these requests has been clearly insufficient.

For 15 years the colleges and universities have been making a plea for support to help them become true national resources for our country in the international field.

The International Education Act is a historic step in that regard. My feeling is, 100 years ago, Congress passed the Morrill Act which brought our colleges and universities of the United States into the development of agriculture and rural life.

In the early fifties the National Science Foundation started to help to improve our capability in science and technology. The International Education Act is now in the same position of saying we have to strengthen ourselves for increasing involvement in a complex world.

Senator HILL. A new world?

Mr. MILLER. Yes, a new world. We are not prepared for it in the colleges and universities.

PLANNING BY STEERING COMMITTEE

We have been doing careful planning. In the absence of funding in the fall we have proceeded to take advantage of the time for the involvement of our college and university people. One of the key members on an eight-man steering committee helping in this planning is the president of the University of Alabama. We are involved now in 15 regional meetings across the country with the college people to help take advantage of this planning in order to develop this program as wisely as possible.

I think we have submitted a statement emphasizing the high points. We are proud of our 10-year program on language work at some 60 universities. We know it has to be broadened under the new International Education Act. I will be delighted to respond to your questions.

DIFFERENTIATION OF MUTUAL EDUCATION AND CULTURAL EXCHANGE PROGRAM

Senator HILL. Will you supply for the record a statement showing how this program differs from the mutual education and cultural exchange program funded in the State-Justice appropriation bill?

Mr. MILLER. You would like us to supply this for the record. We will be delighted to do it.

Senator HILL. Yes, supply it for the record. You speak of what we know as the Fulbright bill and we will appreciate it very much if you give us that statement for the record.

Mr. MILLER. Yes.

(The statement follows:)

EXPLANATION OF DIFFERENCES BETWEEN THE MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961 (FULBRIGHT-HAYS ACT) AND THE INTERNATIONAL EDUCATION ACT OF 1966

The basic purposes of the two Acts are different: The Fulbright-Hays Act is concerned primarily with promoting educational and cultural exchange among the peoples of the world in order to "provide for the improvement and strengthening of the international relations of the United States" and the International Education Act is primarily concerned with strengthening the international educational resources of American secondary schools, undergraduate and graduate institutions by making grants to American institutions in order to develop their international study and research capabilities. The main department concerned with the activities funded under the Fulbright-Hays Act is the State Department, whereas the primary agency concerned with the International Education Act is the Department of Health, Education, and Welfare. (The Assistant Secretary for Education has only been delegated administrative authority over Section 102(b)(6) of the Fulbright-Hays Act.)

The Fulbright-Hays Act is basically interested in individual American citizens studying and researching overseas and non-Americans studying in the United States. The International Education Act is primarily aimed at developing American institutional resources at home.

Most of the Fulbright-Hays activities are in the field of mutual cultural exchange. Most of the proposed International Education Act activities can be broadly considered the development of American educational capabilities in international studies at American institutions in the United States.

Any institutional support made possible by the Fulbright-Hays Act results only from the minimal level of such support required to make possible international exchange. On the other hand, the overseas transportation of persons authorized by the International Education Act is only incidental to the focus of that Act on institutional support.

Both the International Education Act and the Fulbright-Hays Act allow "the training of faculty members in foreign countries," both may support "programs under which foreign teachers and scholars may visit" American institutions as visiting faculty, and both promote foreign language training. For the purposes of furthering the aims of the International Education Act, the main usefulness of the Fulbright-Hays Act is that it provides flexible possibilities for support to overseas travel undertaken for research and study. In the first years of the International Education Act it is likely that many worthy efforts at developing institutions may not be supportable under the International Education Act because they are not "comprehensive programs." Thus the Fulbright-Hays authority can be used to complement the International Education Act by providing assistance to certain desirable projects which would not be eligible under the criteria of the International Education Act or the National Defense Education Act.

WITNESS COLLEGE EDUCATION

Senator HILL. Where did you go to school yourself?

Mr. MILLER. I started out at West Virginia University in my native State of West Virginia and went to a number of other places and went to Michigan State and spent a number of years there.

Senator HILL. Ann Arbor?

Mr. MILLER. No, East Lansing, and then back to West Virginia.

Senator HILL. You came home?

Mr. MILLER. Yes.

Senator HILL. Well, you have given us a most interesting and challenging statement. Is there anything you would like to add?

All right, we appreciate it very much.

Mr. MILLER. We were privileged to come before you.

PROGRAM POTENTIAL

Senator HILL. Thank you, we appreciate it very, very much.

We are in a whole new world, you say?

Mr. MILLER. That is right and this activity has the genius of history. I think this activity 10 or 20 years down the road, if our colleges and universities can be the resources of our country in this area, that the state of the world can be vastly improved.

Senator HILL. I am sure that subsequent events will confirm the wisdom of your words here.

Mr. MILLER. Thank you very much.

EDUCATIONAL TELEVISION FACILITIES

STATEMENT OF JOHN W. BYSTROM, ASSISTANT TO THE ASSISTANT SECRETARY FOR EDUCATION (EDUCATIONAL TELEVISION); ACCOMPANIED BY RAYMOND J. STANLEY, CHIEF, EDUCATIONAL TELEVISION FACILITIES BRANCH, OFFICE OF EDUCATION; AND JAMES F. KELLY, ASSISTANT SECRETARY, COMPTROLLER

APPROPRIATION ESTIMATE

EDUCATIONAL TELEVISION FACILITIES

【For grants to assist in construction of educational television broadcasting facilities, as authorized by part IV of title III of the Communications Act of 1934 (76 Stat. 64), and for related salaries and expenses, to remain available until expended, \$3,304,000, of which not to exceed \$304,000 shall be available for such salaries and expenses during the current fiscal year.】 *For salaries and expenses in connection with grants to assist in construction of educational television broadcasting facilities, as authorized by part IV of title III of the Communications Act of 1934 (76 Stat. 64), \$304,000.*

Amounts available for obligation

	1967	1968
Appropriation.....	\$3,304,000	\$304,000
Unobligated balance brought forward.....	5,844,000	-----
Total available for obligation.....	9,148,000	304,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Grants.....	-----	\$8,844,000	-----	0	-----	-\$8,844,000
Administration:						
(a) Executive direction and coordination.....	4	78,196	4	\$73,321	-----	-4,875
(b) Program operation.....	14	176,119	14	177,950	-----	+1,831
(c) Legal.....	3	30,390	2	20,607	-1	-9,783
(d) Audit.....	2	19,295	3	32,122	+1	+12,827
Total administration.....	23	304,000	23	304,000	-----	-----
Total, obligations by activity.....	23	9,148,000	23	304,000	-----	-8,844,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	23	23	-----
Full-time equivalent of all other positions.....	1	1	-----
Average number of all employees.....	20	20	-----
Personnel compensation:			
Permanent positions.....	\$247,000	\$247,000	-----
Personnel benefits.....	18,000	18,000	-----
Travel and transportation of persons.....	13,000	17,000	+\$4,000
Rent, communications, and utilities.....	13,600	13,000	-600
Printing and reproduction.....	4,000	3,000	-1,000
Other services.....	4,000	3,000	-1,000
Supplies and materials.....	3,000	3,000	-----
Equipment.....	1,400	-----	-1,400
Grants, subsidies, and contributions.....	8,844,000	-----	-8,844,000
Total, obligations by object.....	9,148,000	304,000	-8,844,000

Summary of changes

1967 enacted appropriation.....	\$3,304,000
Unobligated balance brought forward.....	5,844,000
1967 estimated obligations.....	9,148,000
1968 estimated obligations.....	304,000
Total change.....	-8,844,000

EXPLANATION OF DECREASE

Grant authorization will be exhausted in Fiscal Year 1967. Therefore no grant funds are requested for FY 1968. This represents a decrease from FY 1967 of \$3 million in the amount appropriated for grants or, because of the carryover from FY 1966, a decrease of \$9,148,000 in the amount available for obligation. No carryover from FY 1967 into FY 1968 is anticipated.

JUSTIFICATION

Total appropriations have depleted the \$32 million which was authorized over a five-year period under the Educational Television Facilities Act (P.L. 87-447) to assist in the purchase of television broadcasting transmission equipment needed to operate an educational television broadcasting station. Grants have assisted in the activation of new educational television stations and the expansion of existing stations. Fiscal year 1967 is the last year for which appropriations for grants are authorized.

The fiscal year 1968 request of \$304,000 is for salaries and expenses required for grant administration of awards approved and obligated through fiscal year 1967 and for review assessment of program results.

Increased staff emphasis on grant award closures will be required. According to program experience it takes an average of 23 months from grant approval to construct the project, make an on-site staff inspection, complete an audit, and make final payment. Staff time required for post award grant management exceeds time required for processing of applications. Over 50 percent of the grant management workload will remain as of July 1, 1967. By that date an estimated 162 grants will have been approved; 38 grantees will not have requested initial grant payment and an estimated 92 grantees will not have completed their projects and requested final payment.

1. Executive direction and coordination

	1966 actual	1967 estimate	1968 estimate	Increase (+) or decrease (-)
Number of positions	4.0	4	4	-----
Average employment	3.9	4	4	-----
Personnel compensation	\$57,413	\$59,858	\$58,989	-\$869
Personnel benefits	2,900	4,338	4,307	-31
Other expenses	10,980	14,000	10,025	-3,975
Total obligations	71,293	78,196	73,321	-4,875

STATEMENT OF FUNCTION

The Act designated the Secretary as the responsible officer. The Secretary has delegated program direction and leadership to the Assistant Secretary for Education.

Within the Office of the Secretary a small professional unit recommends policies for the administration of the program, including rules and regulations, and criteria and priorities for grant approval and management. It provides reports on and makes assessment of program activities. It maintains necessary liaison on program policy with the Federal Communications Commission, other Federal agencies, private organizations, commissions, foundations, etc. working in the field of communications.

EXPLANATION OF INCREASE AND DECREASE

The increase in personnel compensation and benefits required by the recent pay increase (P.L. 89-504, July 3, 1966) is met by decreased requests in other object classifications. Further decreases in requests provide for greater emphasis in audit function.

2. Program operation

	1966 actual	1967 estimate	1968 estimate	Increase (+) or decrease (-)
Number of positions	14	14	14	-----
Average employment	10	12	12	-----
Personnel compensation	\$119,839	\$142,043	\$142,043	-----
Personnel benefits	8,574	10,174	10,514	+\$340
Other expenses	23,530	23,902	25,393	+1,491
Total obligations	151,943	176,119	177,950	+1,831

STATEMENT OF FUNCTION

The processing of applications and grant administration has been delegated by the Secretary to the Commissioner of Education. The Office of Education processing includes on-site inspections, maintenance of allotment and payment records and checking compliance of grantees.

EXPLANATION OF INCREASE AND DECREASE

The increase required by P.L. 89-504 in personnel compensation and benefits is met by decreasing requests in other object classifications.

3. *Legal services*

	1966 actual	1967 estimate	1968 estimate	Increase (+) or decrease (-)
Number of positions	3	3	2	-1
Average employment	2	3	2	-1
Personnel compensation	\$21,754	\$28,159	\$19,136	-\$9,023
Personnel benefits	1,403	2,056	1,396	-660
Other expenses	44	175	75	-100
Total obligations	23,201	30,390	20,607	-9,783

STATEMENT OF FUNCTION

Legal opinions, involving a background of knowledge of communication law, are required on a continuing basis in the post-grant administration including the audit process.

EXPLANATION OF DECREASE

It is estimated that no new applications will be approved during Fiscal Year 1968. One position previously needed in the legal function is transferred to the audit activities.

4. *Audit activities*

	1966 actual	1967 estimate	1968 estimate	Increase (+) or decrease (-)
Number of positions	2	2	3	+1
Average employment	2	2	3	+1
Personnel compensation	\$13,068	\$17,215	\$27,327	+\$10,112
Personnel benefits	930	1,280	1,995	+715
Other expenses	17	800	2,800	+2,000
Total obligations	14,015	19,295	32,122	+12,827

STATEMENT OF FUNCTION

The audit function is provided by field visits to grantees upon completion of projects.

EXPLANATION OF PROJECTS

The large number of grant awards obligated since January 1, 1966, will increase the audit workload. One position, formerly budget for legal activities is transferred to cover the additional audit workload.

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1157

Number of channels reserved and stations operating and under construction (including District of Columbia and Puerto Rico), Jan. 30, 1967

State or possession	Channels reserved ¹	Stations		State or possession	Channels reserved ¹	Stations	
		On air	UC ²			On air	UC ²
Alabama.....	14	6	1	Nebraska.....	9	5	-----
Alaska.....	4	-----	-----	Nevada.....	7	-----	1
Arizona.....	17	2	-----	New Hampshire.....	5	1	4
Arkansas.....	10	1	-----	New Jersey.....	4	³ 1	-----
California.....	32	7	0	New Mexico.....	17	1	-----
Colorado.....	17	1	-----	New York.....	19	³ 5	1
Connecticut.....	4	1	1	North Carolina.....	12	3	2
Delaware.....	2	³ 1	-----	North Dakota.....	9	1	-----
District of Columbia.....	2	1	-----	Ohio.....	20	8	-----
Florida.....	25	8	1	Oklahoma.....	14	³ 3	-----
Georgia.....	17	8	-----	Oregon.....	14	2	-----
Hawaii.....	4	2	-----	Pennsylvania.....	12	7	1
Idaho.....	11	1	-----	Rhode Island.....	1	-----	-----
Illinois.....	16	4	1	South Carolina.....	12	3	2
Indiana.....	12	-----	3	South Dakota.....	7	1	1
Iowa.....	16	1	-----	Tennessee.....	14	2	3
Kansas.....	16	1	-----	Texas.....	32	³ 5	-----
Kentucky.....	14	1	12	Utah.....	13	5	-----
Louisiana.....	12	1	-----	Vermont.....	4	-----	4
Maine.....	11	4	-----	Virginia.....	19	2	1
Maryland.....	6	-----	-----	Washington.....	12	5	1
Massachusetts.....	6	1	1	West Virginia.....	8	-----	1
Michigan.....	20	³ 3	1	Wisconsin.....	7	3	-----
Minnesota.....	20	4	-----	Wyoming.....	3	-----	-----
Mississippi.....	12	-----	-----	Puerto Rico.....	8	2	-----
Missouri.....	17	2	-----	Total.....	632	126	44
Montana.....	13	-----	-----				

¹ Federal Communications Commission rules and regulations, June 1965, vol. III, subpt. E, par. 3.606 (b);

² Station under construction—received facilities grant under Public Law 87-447.

³ 1 station in each case operating noncommercially on a commercial channel.

1158 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Educational television facilities—Grant obligations Public Law 87-447

[By fiscal years]

State	Obligated fiscal year 1964	Obligated fiscal year 1965	Obligated fiscal year 1966	Obligated ¹ fiscal year 1967	Total obli- gated ¹
Alabama.....	\$242,658	\$298,527	\$458,815	-----	\$1,000,000
Alaska.....	-----	-----	-----	-----	-----
Arizona.....	-----	141,295	345,456	\$88,709	575,460
Arkansas.....	-----	-----	325,928	-----	325,928
California.....	647,991	67,907	248,642	-----	964,540
Colorado.....	58,688	(-6,296)	187,831	-----	240,223
Connecticut.....	-----	-----	361,352	-----	361,352
Delaware.....	-----	-----	652,390	-----	652,390
District of Columbia.....	323,077	-----	386,939	-----	710,016
Florida.....	239,375	367,144	386,759	-----	993,278
Georgia.....	136,109	-----	863,891	(-577,152)	422,848
Hawaii.....	-----	-----	256,681	-----	256,681
Idaho.....	-----	96,299	-----	-----	96,299
Illinois.....	299,619	300,000	400,381	-----	1,000,000
Indiana.....	-----	185,958	202,587	(-174,853)	213,692
Iowa.....	79,598	(-4,759)	-----	-----	74,839
Kansas.....	-----	229,449	-----	17,796	247,245
Kentucky.....	-----	-----	-----	1,000,000	1,000,000
Louisiana.....	-----	186,235	-----	-----	186,235
Maine.....	109,736	-----	(-14,278)	-----	95,458
Maryland.....	-----	-----	-----	-----	-----
Massachusetts.....	-----	-----	803,232	-----	803,232
Michigan.....	183,920	-----	540,592	(-1,410)	723,102
Minnesota.....	366,880	-----	532,705	100,415	1,000,000
Mississippi.....	-----	-----	-----	777,188	777,188
Missouri.....	102,000	100,092	(-7,875)	30,000	224,217
Montana.....	-----	-----	-----	-----	-----
Nebraska.....	309,583	282,747	407,670	-----	1,000,000
Nevada.....	-----	-----	-----	365,610	365,610
New Hampshire.....	-----	-----	112,886	624,042	736,928
New Jersey.....	-----	-----	729,122	-----	729,122
New Mexico.....	-----	-----	397,465	-----	397,465
New York.....	-----	545,333	454,667	-----	1,000,000
North Carolina.....	191,378	120,517	380,992	-----	692,887
North Dakota.....	130,173	-----	-----	176,293	306,466
Ohio.....	227,152	399,347	58,614	75,000	760,113
Oklahoma.....	-----	-----	316,000	446,974	762,974
Oregon.....	-----	-----	315,416	-----	315,416
Pennsylvania.....	566,968	200,000	200,000	33,032	1,000,000
Rhode Island.....	-----	-----	-----	-----	-----
South Carolina.....	329,525	-----	286,821	383,654	1,000,000
South Dakota.....	14,351	(-1,866)	-----	292,637	305,122
Tennessee.....	-----	512,296	487,703	-----	999,999
Texas.....	-----	294,996	443,191	-----	738,187
Utah.....	339,187	56,297	113,392	(-16,627)	492,249
Vermont.....	-----	-----	826,201	-----	826,201
Virginia.....	129,943	-----	26,306	465,113	621,362
Washington.....	-----	707,378	173,930	70,753	952,061
West Virginia.....	-----	-----	-----	522,874	522,874
Wisconsin.....	167,475	-----	-----	229,806	397,281
Wyoming.....	-----	-----	-----	-----	-----
Puerto Rico.....	-----	-----	300,193	-----	300,193
Total.....	5,195,386	5,078,896	12,962,597	14,929,854	128,166,733

¹ As of Jan. 31, 1967.

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1159

Grant authorization (Public Law 87-447)-----	\$32,000,000
Obligated fiscal year 1964-----	5,195,386
Obligated fiscal year 1965-----	5,078,896
Obligated fiscal year 1966-----	12,962,597
Obligated fiscal year 1967-----	¹ 4,929,854
Total obligated -----	¹ 28,166,733
Balance to be obligated in fiscal year 1967-----	¹ 3,833,267

¹ As of Jan. 31, 1967.

ETV station grants made and funds obligated (Public Law 87-447)

	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966	Fiscal year 1967 (estimate)	Fiscal year Total (estimate)
Construction:					
New stations:					
Number of grants-----	18	12	27	36	93
Average grant-----	\$185,340	\$239,090	\$224,000	\$212,000	\$214,000
Federal funds-----	\$3,336,257	\$2,869,071	\$6,058,887	\$7,654,574	\$19,918,789
Expansion:					
Existing stations:					
Number of grants-----	12	13	29	15	¹ 69
Average grant-----	\$154,927	\$156,676	\$221,000	\$118,000	\$175,000
Federal funds-----	\$1,859,129	\$2,036,788	\$6,419,725	\$1,765,569	\$12,081,211
Total grants-----	30	25	56	51	162
Total funds-----	² \$5,195,386	² \$4,905,859	² \$12,478,612	³ \$9,420,143	\$32,000,000

¹ Involves 61 stations.

² Includes amounts obligated less amounts deobligated.

³ Total of \$9,420,143 includes fiscal year 1967 enacted appropriation, plus the unobligated balance brought forward from fiscal year 1966, plus the amounts unexpended from completed projects and deobligated during fiscal year 1967.

PUBLIC TELEVISION ACT HEARINGS

Senator HILL. Next is Dr. Bystrom of Educational TV.

Mr. BYSTROM. I have Mr. Stanley, the Director of Educational Television Facilities Branch, Office of Education.

Senator HILL. We thought you were going to bring this whole thing to us on television.

Mr. BYSTROM. Mr. Chairman, the Senate Commerce Committee is holding hearings next week on educational or public television, the proposed Public Television Act of 1967 and they will televise those hearings.

Senator HILL. They will televise those hearings. You go ahead.

GRANT PROGRAM AUTHORIZATION EXPIRATION

Mr. BYSTROM. We are in a type of purgatory in that we are coming to you with a request for a continuation of the administrative expenses for the next fiscal year, but our grant authorization has run out and we expect to have all funds obligated by the end of this fiscal year.

Senator HILL. All funds by the end of this fiscal year?

EDUCATIONAL TELEVISION STATIONS

Mr. BYSTROM. Yes, obligated.

I might just summarize what the act has done. We have today 129 educational television stations. There are 46 that are currently under construction. We estimate that there will be 182 stations in operation or under construction when the full \$32 million has been obligated.

UNIVERSITY OF WEST VIRGINIA STATION

Senator HILL. By the way, didn't West Virginia pioneer this field?

Mr. BYSTROM. No, sir. Alabama is one of the pioneers.

Senator HILL. Well, that is what I wanted to hear you say really. You gave me the answer. But I thought West Virginia did have something to do with it.

Mr. BYSTROM. Dr. Miller, who was just before you, when he was president of the University of West Virginia initiated the first educational television station there. They have not yet gone on the air.

Senator HILL. They have not gone on the air as yet?

STATION ACTIVATION ASSISTANCE

Mr. BYSTROM. No; that grant was made last year.

We have assisted in the activation of 93 of the 182 stations and 69 stations will have been assisted through expansion grants.

In all, at the beginning of the program in May 1963 there were 33 States with educational television broadcasting stations. There will be 47 States when the effects of the funds of the program are completed. Only Alaska, Montana, and Wyoming will be without an educational television.

Senator HILL. Is it too cold up in those regions?

Mr. BYSTROM. Well, they are sparsely populated. Although we have two applications in from Wyoming, however, they have come in late and it will not be possible to fund them under the \$32 million authorization.

PROGRAM STUDENTS

There was 105 million people within the grade B contour of these ETV stations in May 1963 and when we get done there will be 155 million. We expect an additional 8 million schoolchildren to be served by educational television.

When we look ahead, if we are to cover 95 percent of the population of the country and 95 percent of the population of most States, technically we will require some 400 to 450 stations in the country, educational television stations.

Senator HILL. That is throughout the 50 States?

Mr. BYSTROM. Yes. That means up to 250 stations will have to be constructed in addition to those already constructed.

PENDING LEGISLATIVE PROGRAM

For this reason the President has recommended in his health and education message the continued support of educational television facilities. We have seen introduced the Public Television Act of 1962. It calls for \$20 million in total for the next fiscal year, \$10.5 million of which will go to noncommercial television and radio facilities.

BUDGET REQUEST

This is footnoted in the President's budget; however, our request to you currently is for \$304,000 for administrative expense for the next year.

Senator HILL. That is all you have in the budget?

Mr. BYSTROM. Yes, that is correct.

So that completes my report to you, Mr. Chairman.

AUTHORIZATION REQUIREMENT

Senator HILL. Do you need further authorization?

Mr. BYSTROM. Yes, sir.

We may continue to receive applications through the next fiscal year; however, our authorizations for grant funds is out the current fiscal year.

Senator HILL. You have to get further authorization starting July 1?

Mr. BYSTROM. That is correct, sir; for grant funds.

Senator HILL. The President has recommended that in his message?

Mr. BYSTROM. Yes, he has recommended it both in his state of the Union message and also in his health and education message.

Senator HILL. In both of the messages; is that correct?

Mr. BYSTROM. That is right; and the bill S. 1160, introduced in the Senate, contains in general his recommendations.

Senator HILL. Anything you would like to add?

Mr. STANLEY. No, sir; unless there are questions I can answer.

Senator HILL. Anything you would like to add?

Mr. BYSTROM. No, sir; I think we have completed the statement.

WITNESS BACKGROUND

Senator HILL. Where were you before you came with the Government?

Mr. BYSTROM. I was a teacher in a university.

Senator HILL. Which university?

Mr. BYSTROM. Hamlin University in St. Paul, Minn.

Senator HILL. Where were you, sir?

Mr. STANLEY. I was general manager of two educational TV stations, Ohio State University and before that University of Wisconsin.

Senator HILL. You mean you went from Wisconsin to Ohio?

Mr. STANLEY. Yes.

Senator HILL. Well, we want to thank you all very much. You gave us some very interesting information. We appreciate it deeply and thank you, Mr. Kelly.

Mr. KELLY. Thank you, Mr. Chairman.

SUBCOMMITTEE RECESS

Senator HILL. We will recess until Monday at 10 a.m.

(Whereupon, at 1 p.m., Thursday, April 6, 1967, the subcommittee was recessed, to reconvene at 10 a.m., Monday, April 10, 1967.)

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION,
AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1968

MONDAY, APRIL 10, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, New Senate Office Building, Hon. Lister Hill (chairman) presiding.

Present: Senators Hill, Bartlett, and Cotton.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PUBLIC HEALTH SERVICE

STATEMENT OF DR. WILLIAM H. STEWART, SURGEON GENERAL, ACCOMPANIED BY DR. LEONARD D. FENNINGER, DIRECTOR, BUREAU OF HEALTH MANPOWER; DR. RICHARD A. PRINDLE, DIRECTOR, BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL; DR. CARRUTH J. WAGNER, DIRECTOR, BUREAU OF HEALTH SERVICES; DR. JAMES A. SHANNON, DIRECTOR, NATIONAL INSTITUTES OF HEALTH; DR. STANLEY F. YOLLES, DIRECTOR, NATIONAL INSTITUTE OF MENTAL HEALTH; JOHN H. KELSO, EXECUTIVE OFFICER; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

1967 APPROPRIATION AND 1968 BUDGET REQUEST

Senator HILL. The subcommittee will kindly come to order.

Dr. Stewart, we are happy to have you here this morning. I will be glad to have you proceed in your own way. At the outset though I shall place in the hearings a tabulation showing the 1967 appropriations for the Public Health Service, the budget estimates for fiscal year 1968, and the changes.

(The table follows:)

1164 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

COMPARATIVE STATEMENT OF THE APPROPRIATIONS FOR FISCAL YEAR 1967, AND THE ESTIMATES FOR FISCAL YEAR 1968, PUBLIC HEALTH SERVICE

[Figures in parentheses not added in totals]

Item	Appropriations fiscal year 1967	Budget esti- mates, 1968	Increase (+) or decrease (-)
Health manpower education and utilization.....		\$170,413,000	+\$170,413,000
Construction of health educational facilities.....	\$160,727,000	203,000,000	+42,273,000
Dental services and resources.....	9,693,000		-9,693,000
Nursing services and resources.....	25,623,000		-25,623,000
Chronic diseases.....	91,614,000	27,942,000	-63,672,000
Communicable diseases.....	44,220,000	72,272,000	+28,052,000
Air pollution.....	35,561,000	64,185,000	+28,624,000
Urban and industrial health.....	21,963,000	42,594,000	+20,631,000
Radiological health.....	20,895,000	15,687,000	-5,208,000
Injury control.....	5,759,000		-5,759,000
Control of tuberculosis.....	21,597,000		-21,597,000
Control of venereal diseases.....	10,593,000		-10,593,000
Occupational health.....	6,592,000		-6,592,000
Foreign quarantine activities.....	8,030,000		-8,030,000
Community health services.....	128,280,000	64,448,000	-63,832,000
Trust fund transfer.....		(4,075,000)	(+4,075,000)
Hospitals and medical care.....	61,643,000	63,851,000	+2,208,000
Hospital construction activities.....	313,525,000	308,357,000	-5,168,000
Medical care services.....	10,385,000		-10,385,000
Trust fund transfer.....	(3,512,000)		(-3,512,000)
National Institutes of Health:			
Biologies standards.....	7,904,000	8,649,000	+745,000
National Cancer Institute.....	175,656,000	183,356,000	+7,700,000
National Heart Institute.....	164,770,000	167,954,000	+3,184,000
National Institute of Dental Research.....	28,308,000	30,307,000	+1,999,000
National Institute of Arthritis and Metabolic Diseases.....	135,687,000	143,954,000	+8,267,000
National Institute of Neurological Diseases and Blindness.....	116,296,000	128,633,000	+12,337,000
National Institute of Allergy and Infectious Diseases.....	90,670,000	94,422,000	+3,752,000
National Institute of General Medical Sciences.....	145,113,000	160,284,000	+15,171,000
National Institute of Child Health and Human Development.....	64,922,000	68,621,000	+3,699,000
Regional Medical Programs.....	45,004,000	64,314,000	+19,310,000
Environmental health sciences.....	24,298,000	20,615,000	-3,683,000
General research and services.....	68,534,000	81,141,000	+12,607,000
Grants for construction of health research facilities.....	56,000,000	35,000,000	-21,000,000
Subtotal, National Institutes of Health.....	1,123,162,000	1,187,250,000	+64,088,000
Mental health research and services.....	264,119,000	246,741,000	-17,378,000
Community mental health resource support.....	50,000,000	100,168,000	+50,168,000
National health statistics.....	9,312,000	9,767,000	+455,000
National Library of Medicine.....	20,192,000	21,162,000	+970,000
Buildings and facilities.....	18,279,000	10,715,000	-7,564,000
Scientific activities overseas (special foreign currency program).....	10,000,000	18,685,000	+8,685,000
Retired pay of commissioned officers (indefinite).....	(10,743,000)	(13,391,000)	(+2,648,000)
Comprehensive health planning and services.....		143,628,000	+143,628,000
Salaries and expenses, Office of the Surgeon General.....	7,858,000	9,087,000	+1,229,000
Total, Public Health Service.....	2,479,622,000	2,779,952,000	+300,330,000

AMERICAN HEALTH PARTNERSHIP CHALLENGES

Dr. STEWART. Thank you very much, Mr. Chairman.

Mr. Chairman, I am pleased and privileged to appear before you, to support the budget request of the Public Health Service for the 1968 fiscal year. In doing so I should like to discuss with you the hopes and intentions of the newly organized Service, and some of our recent accomplishments. I shall also present my views on the challenges that lie ahead for the American health partnership of which we are a part.

COMMITTEE CONTRIBUTIONS TO HEALTH

The health partnership owes to you, Mr. Chairman, and to the members of this subcommittee, an abundant measure of its growing

strength. You have foreseen, with great clarity, the changing health problems facing the American people and their rising aspirations for health.

You have made a major contribution to reshaping the role played by the Federal Government in fulfilling those aspirations. Your actions have strengthened the total health resources of the Nation and helped to raise the level of health of the American people.

LIFE EXPECTANCY INCREASE AND DEATH RATE DECREASE

We can take pride in the health of the Nation. A child born in the United States has a life expectancy of more than 70 years—a landmark figure passed for the first time in 1964. For one major segment of the population—white females—life expectancy surpasses three-quarters of a century.

Our death rate, about 943 per 100,000 persons per year, ranks among the lowest in the world.

COMMUNICABLE DISEASES

POLIOMYELITIS

The year 1966 was free of major outbreaks of communicable diseases. Polio, which just 15 years ago struck more than 50,000 children, was reduced to only 102 cases, most of which occurred among an inadequately immunized population group in a single State. A total of 35 States reported no cases of polio at all.

Senator HILL. Not a single case?

Dr. STEWART. That is correct.

MEASLES AND RUBELLA

This year, as I shall explain in greater detail later on, we hope and expect to bring measles similarly to the vanishing point. This much underestimated disease has affected hundreds of thousands of children annually, killing several hundred and leaving thousands with the handicapping aftereffects of its complications. Soon measles will be gone from the United States.

Senator HILL. Are you thinking in terms of rubella as well as ordinary measles?

Dr. STEWART. This is in reference to ordinary measles but we are working on rubella as you know.

Senator HILL. And your rubella rate has diminished?

Dr. STEWART. I would hope in not too many years we can have a rubella campaign.

Senator HILL. Yes.

REMAINING HEALTH CHALLENGES

INFANT MORTALITY

Dr. STEWART. Yet with these accomplishments we must also record serious shortcomings. In 1967, 247 infants died before their first birthday out of each 10,000 born alive. This is the lowest infant mortality rate we have ever achieved in this country.

But at least 10 nations in the world have lower rates of infant mortality than we do.

Senator HILL. How do you describe that?

That is, about these 10 nations?

Dr. STEWART. I think some of it is described as due to the heterogeneous nature of our population and homogeneous nature of other populations. Some of it is due to the fact we have population groups in which good prenatal care and good infant care is not available. They do not have access to it. I think this explains more than anything else this situation.

Senator HILL. I won't ask you to do it now but if you can, please describe for the record those 10 nations.

(The information follows:)

INFANT MORTALITY RATES, 1965

[Rates are deaths under 1 year of age per 1,000 live births]

Rank	Country	Rate
1	Sweden.....	¹ 12.4
2	Netherlands.....	¹ 14.4
3	Norway (1964).....	¹ 16.8
4	Finland.....	¹ 17.4
5	Australia.....	18.5
5	Japan.....	¹ 18.5
7	Denmark (1964).....	¹ 18.7
8	Switzerland (1964).....	19.0
9	New Zealand.....	19.5
10	United Kingdom.....	19.6

¹ Provisional.

MOST AND LEAST FAVORED POPULATION SEGMENTS

Dr. STEWART. Virtually every statistical index of health shows a great gap between the most favored and least favored segments of our population. More than 20 million Americans are limited in their activity by chronic illnesses or impairments—many of which could have been prevented or reduced in severity.

ACCIDENTAL DEATHS AND INJURIES

More than 100,000 Americans are killed by accidents each year and more than 52 million injured on our highways, in our homes and places of work.

INACCESSIBILITY OF PERSONS TO MEDICAL CARE

Moreover there are other conditions, less easily defined in quantitative terms, that challenge and reproach us. Millions of our people lack ready access to the medical care they need. This access is blocked by social and economic circumstances, by the uneven distribution and unequal quality of health manpower and facilities, and by gaps and failures in the organization of health services.

ENVIRONMENTAL HAZARDS

The Nation has not yet provided its people with adequate protection against the hazards of the modern environment. The case against air pollution has been well demonstrated, but pollution still hangs heavy over our cities.

Senator HILL. We are just about 50 years late in starting; is that about right?

Dr. STEWART. That is correct, sir.

Diseases that need no longer occur still take their toll. The noise and stress of the metropolis do undefined but undeniable damage to physical and mental well-being.

These are some of the health problems we face as a nation. They are the concern of the Public Health Service and of the larger American health partnership of which the Federal component is one important segment. They are also the concern of you in the Congress and of the nearly 200 million consumers of health services you represent.

HEALTH CARE AND HEALTH PROTECTION PROBLEMS

These problems can be broadly classified in two major categories. The first includes problems related to health care, including the facilities and patterns of organization through which health care is delivered to those who need it. The second includes problems of health protection, including the prevention of disease and the provision of a safe, healthful environment.

KNOWLEDGE AND MANPOWER REQUISITES

To meet these challenges, two major resources are required—health knowledge, generated principally through research, and health manpower, recruited and trained to perform a great variety of necessary tasks.

PARTNERSHIP BETWEEN GOVERNMENT, INDIVIDUALS, INSTITUTIONS, INDUSTRY, AND LABOR

These are the basic ingredients of the national health enterprise. In dealing with these problems the Federal Government works with individuals in private practice of the health professions, with community hospitals and other institutions, universities, public health agencies in States and communities, and many voluntary health organizations.

The partnership also involves American industry, labor, and other elements whose major function is outside of but not unrelated to health. The health of the people is the product of the society in which they live.

Within this broad context, the role of the Federal Government has changed rapidly in recent years. More than 50 major programs have been authorized by the Congress and assigned to the Public Health Service in the past two decades. As a result we are now engaged on many fronts in action programs related to health care and health protection and in resource development programs to develop knowledge and manpower.

NEW ORGANIZATION OF SERVICE

On January 1 of this year, we put into effect a new organizational structure. We have realigned our programs to correspond with our major missions. As a result of this reorganization, we believe that we are now equipped to discharge our responsibilities, more efficiently and effectively, in each of these areas of primary concern.

BUREAU OF HEALTH SERVICES

In the field of health care, the new Bureau of Health Services combines our direct medical care programs for Federal beneficiaries with programs which help to support delivery of care to the whole population.

The Bureau of Health Services helps to support the planning and construction of hospitals, nursing homes, and other health facilities through the Hill-Burton program. It plays an important part in medicare by helping to assure that our older people receive the high quality of professional services to which they are entitled.

This Bureau also supports and encourages the development of home care programs, services to the mentally retarded, and programs to meet health emergencies.

In addition, the Bureau of Health Services includes our oldest program—the provision of medical care to merchant seamen—and our largest direct medical care program which meets the health needs of American Indians and Alaskan natives.

Through this Bureau we also provide medical services to such Federal agencies as the Bureau of Prisons, the Coast Guard, and the Peace Corps.

Senator HILL. The Public Health Service really had its beginning in the matter of medical care to merchant seamen?

Dr. STEWART. That is correct.

Senator HILL. When did it start?

Dr. STEWART. 1798.

Senator HILL. Yes, I knew it started very early.

Dr. STEWART. This is not a random combination. In our direct medical care programs we are experimenting with better ways of delivering health care both within and outside institutional walls. At the same time we are stimulating the development of new approaches in hospitals and communities receiving our support. These innovations interact.

A new method which shows promise in one of our own facilities may well be adaptable to a community setting. The kind of research and development in health services can point the way toward improved patterns of organization which in turn can eliminate the barriers to care I outlined a few minutes ago.

BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL

Let me turn now to the field of health protection. The new Bureau of Disease Prevention and Environmental Control pulls together our programs designed to keep diseases from happening, to minimize their impact, and to help produce a safer environment.

It studies the relationship between the occurrence of disease and the environment in which it occurs.

NATIONAL CENTERS TO CONTROL COMMUNICABLE AND CHRONIC DISEASES

Five national centers comprise this Bureau. Two are dedicated to the control of specific types of disease—the communicable and chronic diseases, respectively.

NATIONAL CENTERS FOR ENVIRONMENTAL PROTECTION

The other three are engaged in environmental protection—the National Centers for Air Pollution Control, Radiological Health, and Urban and Industrial Health.

This combination unites a number of complementary skills and permits their use in a mutually reinforcing way. These involve the identification of factors that lead to disease, the development of methods to control these factors, and the application of these control measures, working in close concert with State and local health agencies.

SEARCH FOR NEW CONTROL METHOD

The success we have experienced in reducing or eliminating many communicable diseases is the result of this process—malaria, typhoid fever, and many others have been controlled by environmental measures. We are now studying environmental factors in relation to chronic as well as communicable disease patterns, in search of new methods of control.

FOREIGN QUARANTINE AND EPIDEMIC CONTROL PROGRAMS

The Bureau of Disease Prevention and Environmental Control protects the American people against the introduction of diseases from abroad through its foreign quarantine activities, and against the spread of disease through its epidemic control program.

STATE AND LOCAL AGENCY COMPETENCE

It combats chronic disease by supporting programs to apply new knowledge in early diagnosis and treatment. It works to reduce the toll of accidents in homes, workplaces, and on the highways.

It helps to reduce pollution by promulgating standards, supporting control programs, and initiating Federal enforcement procedures. Across the board, it helps to build the competence of State and local agencies for dealing with this broad range of problems of health protection.

BUREAU OF HEALTH MANPOWER

Our newest area of major responsibility is related to the development of the Nation's health manpower resources. Each year since 1963 the Congress has enacted legislation strengthening the Federal role in meeting the critical need for professional and auxiliary health workers—the Health Professions Educational Assistance Act of 1963, the Nurse Training Act of 1964, the Health Professions Amendments of 1965, and last year's Allied Health Professions Act.

To administer these new programs we have created the Bureau of Health Manpower which provides, for the first time, a central Federal focus for education in the health professions.

CONSTRUCTION GRANTS AND SCHOLARSHIP AND LOAN PROGRAMS

Our first concern is with meeting shortages which exist in all the major health disciplines. Through construction grants, we support the development of new medical, dental, nursing, and other professional schools and the expansion of existing schools. Through scholarship and

loan programs we help to broaden the base of recruitment for these disciplines.

But we are not concerned with numbers alone. Through improvement grants we are able to support the strengthening of curriculums so that new graduates may be better prepared to serve health needs.

EFFECTIVE MESHING OF HEALTH CARE TEAM SKILLS

We are also encouraging the development of new kinds of health workers and the more effective meshing of skills of the health care team. For the Nation's need for health service can be met only if each doctor, each nurse, each ancillary health worker performs those tasks for which he is best qualified and operates at the peak of his capacity.

Senator HILL. I like those last words "operates to the peak of his capacity."

Dr. STEWART. It is very difficult to keep them at the peak of their capacity with the changes in technology and science that are going on.

BIOCHEMICAL RESEARCH

The greatest health resource of all, the one upon which all else ultimately depends, is our advancing store of knowledge. Thanks in large measure to a strong and well-directed program of Federal support, America's biomedical research effort has grown and flourished since World War II.

This effort has greatly advanced our understanding of biological processes, of health and disease. It has yielded an impressive harvest of specific medical benefits.

This program has been built upon a uniquely effective partnership between the Federal Government and non-Federal research resources, especially the universities. It has been administered in large part by the National Institutes of Health, the biomedical research arm of the Public Health Service.

CANCER RESEARCH PROGRAM

Senator HILL. Let me ask you a question there, Doctor. I have been reading very interesting articles, reports have been made at a meeting in Miami, Fla., on cancer.

Do you think we have made definite progress?

Dr. STEWART. I think we have made definite progress in cancer both in pursuit of etiology of cancer, particularly the viral relationship to the cause of cancer and in the chemotherapy area, particularly as it relates to acute cancer and localized Hodgkin's disease.

I think the aura of hope is around this more than it has been for some time.

Senator HILL. When you use the word "hope" that indicates what I think, we still have a good deal yet to find out?

Dr. STEWART. This is correct. I think we now have therapy for some specific cancers and we have these leads on etiology, but there is much work to be done.

NATIONAL INSTITUTES OF HEALTH

NIH is made up of eight institutes, six of them oriented toward specific groups of diseases and two—general medical sciences and child health and human development—noncategorical in nature.

CLINICAL CENTER AND SEVEN DIVISIONS

It also includes the Clinical Center, one of the world's great research hospitals, and seven divisions.

Senator HILL. How many beds do you have, today, in the Clinical Center?

Dr. STEWART. Just over 500.

One of the divisions is the newly created Division of Environmental Health Sciences, which will conduct and support research on the health effects of chemical and other environmental pollutants. Another is the Division of Regional Medical Programs, designed to carry out the mandate of the Heart Disease, Cancer and Stroke Amendments of 1965 to speed the application of new knowledge for the benefit of those who suffer from these and related diseases.

NATIONAL INSTITUTE OF MENTAL HEALTH

The fifth bureau of the reorganized Public Health Service combines the four major elements I have described—care, protection, manpower, and knowledge—in a unified attack on one of the Nation's most serious and widespread health problems: mental illness.

The National Institute of Mental Health, as a bureau, provides leadership for a national movement that is bringing treatment of the mentally ill out of the large, remote, and primarily custodial institutions into a community setting.

It also encourages prevention, and early diagnosis and treatment, of mental illness.

This bureau conducts and supports research, supports manpower development, and aids in constructing and staffing community mental health centers. It deals with special problems such as alcoholism, drug addiction, suicide, crime, and delinquency.

It administers two Federal psychiatric research hospitals in Lexington, Ky., and Fort Worth, Tex.

NATIONAL CENTER FOR HEALTH STATISTICS AND NATIONAL LIBRARY OF MEDICINE

These five bureaus constitute the principal operating components of the Public Health Service. In addition we have two special resources, each unique in its field—the National Center for Health Statistics and the National Library of Medicine. Both of these report directly to the Surgeon General.

They serve national needs for health data and the communication of health knowledge.

OFFICE OF THE SURGEON GENERAL

The Office of the Surgeon General is the coordinating and policy-setting unit for the Service. In our reorganization we have given special

attention to strengthening our capability for planning and evaluation and for maintaining effective liaison with the many other agencies whose work relates to ours.

One new responsibility of the Office of the Surgeon General merits special mention. This is the administration of the new program authorized by the Comprehensive Health Planning and Public Health Services Amendments of 1966.

This program is one of the most significant in many years. It envisions a new kind of partnership among health agencies in communities, States and the Federal Government.

STATE AND LOCAL HEALTH PLANNING

Specifically, this partnership for health program strongly supports States and localities in planning to meet their health needs. It also restructures the programs of Federal grants for health services so as to provide much greater flexibility in the use of Federal health funds.

In short, this program places responsibility and invites innovation where the problems are—in the States and communities. Recognizing that health problems and resource shortages are not everywhere the same across the Nation, it encourages the establishment of priorities on the basis of urgent local needs.

Since its effects will have an impact on so many of our programs, we have departed from our traditional organizational pattern. We shall administer this far-reaching new enterprise centrally, in the Office of the Surgeon General and our regional offices.

In presenting this rather detailed description of the Public Health Service in its newly reorganized form, I hope I have provided you with a useful guide to the testimony that will follow.

More importantly, I hope it will be helpful in relating the many and diverse parts of the Service to the whole. Our new organization derives from our mission, which in turn is derived from the health needs of the American people as envisioned and given legislative expression by the Congress.

ACCOMPLISHMENTS AND ASPIRATIONS

My colleagues who will testify before you in support of specific appropriations will describe in some detail the accomplishments of the past year in their fields of special competence and interest.

I shall report to you on only a few selected highlights related to each of our major missions.

Senator HILL. I want to say I think you have presented a fine and timely statement. It gives a picture of the activities and programs of the Public Health Service at this time. As you say, it has changed quite a bit in recent years.

That is all to the benefit of the health of our people.

Dr. STEWART. This is the intent and I think that Congress has recognized these needs and has taken action over a period of time, as we mentioned, such as the 50 new programs that have been assigned to the Public Health Service over the past 20 years. I think what we are seeing is an emerging role of the Federal Government in the health field with more and more attention paid to the needs of the people.

Senator HILL. Your effort to stimulate and challenge your local and State health centers is also in the forefront. Is that right?

HEALTH CARE

Dr. STEWART. This is correct.

The year 1966 marked the 20th anniversary of one of the great landmarks of health legislation—the enactment of the Hill-Burton Hospital Planning and Construction Act of 1946. This historic act began an outstanding successful collaboration between communities, States, and the Federal Government.

Over this 20-year span, this partnership has resulted in 8,684 projects, adding 371,415 hospital beds to the Nation's health resources. It has brought hospital care within convenient geographic reach of virtually all Americans.

The total cost of this investment in better health has been \$8.6 billion, of which the Federal share has been \$2.7 billion. The program has also been responsible for pioneering the application of area-wide planning techniques, and for experimentation in better hospital design for more efficient service at lower cost.

Countless Americans are alive and well today because Hill-Burton hospitals were there in their hour of need.

On July 1, 1966, millions of older Americans became eligible for hospital care under the medicare program. On January 1 of this year the benefits were extended to include nursing home care.

The Public Health Service has worked closely with the Social Security Administration to assure that these benefits were available on schedule. Our Division of Medical Care Administration has had primary responsibility for advising SSA on the professional health aspects of potential providers of services and for helping States to assure that professional standards are met.

At the present time a total of 6,751 hospitals and 3,500 extended care facilities are qualified as providers of medicare services. This response, which has made possible the smooth and successful launching of this vitally significant program, is above all a tribute to the health resources of the Nation.

HEALTH PROTECTION

1967 MEASLES ERADICATION PROGRAM

This year, 1967, may well go down in history as the year of measles eradication in the United States. Measles, an almost universal disease of childhood, can lead to dangerous complications.

Several hundred children die from its after effects each year, and thousands more suffer blindness, impaired hearing, mental retardation or other lasting impairments.

Now, just 4 years after the licensing of a safe and effective measles vaccine, its eradication is within reach. Some 20 million doses of vaccine have been produced, and the annual incidence of the disease has already been sharply reduced.

Now, intensive vaccination campaigns directed at 1-year-olds and children in the earlier school years, the groups which contain the most susceptibles and are the source of measles epidemics—are capable of bringing the disease to the vanishing point.

An all-out effort, in which all major professional and voluntary health organizations are working closely with our National Communicable Disease Center, can do the job.

IMMUNITY TO GERMAN MEASLES DETECTION

A test for detecting immunity to German measles—a different disease—has been developed by scientists of the Public Health Service's National Institutes of Health.

The new test is so simple and reliable that a physician can determine within 3 hours whether an expectant mother has antibody protection against the disease.

LIVE, ATTENUATED EXPERIMENTAL VACCINE

Development of this test, following on the heels of the live, attenuated experimental German measles vaccine, announced at the time of the committee's hearings last year, gives hope that we may soon be able to put on the conquered list this disease with its disastrous effects on the unborn child whose mother develops it during early pregnancy.

CHRONIC DISEASE CONTROL

COMPUTER ANALYZATION

In the field of chronic disease control, we have successfully demonstrated in the past that computers can be used routinely to analyze electrocardiograms, spirograms, and other medical signals.

This achievement permits screening of large populations with minimal expenditure of time and effort by physicians and nurses.

In 1966 three events occurred to move this practice from laboratory demonstration into clinical acceptance. The American Medical Association and American Dental Association asked us to provide computer analysis for their screening efforts.

An EKG data pool plan was initiated to help broaden the scope of our computer program by translation into other computer languages.

Senator COTTON. Excuse me for interrupting 1 second.

What is a spirogram?

Dr. STEWART. This is a measurement of your respiration.

Senator COTTON. Thank you.

Dr. STEWART. Third, more than 25 medical care groups are now using our EKG computer analysis. And in addition, in collaboration with NASA we have developed a system to analyze EKG's telemetered from astronauts in space.

The same type of system could be used for patients in intensive coronary care units.

AIR POLLUTION ABATEMENT

Progress against air pollution in 1966 was highlighted by interstate abatement actions initiated in nine areas of the country. Pollution of the air was measured in 19 interstate areas to determine the need for additional enforcement actions.

Through matching grants we helped to support stronger air pollution control programs on the part of 140 State and local agencies. Federal emissions standards were issued during the year for automobile exhausts, effective with the 1968 automobile model year.

In December a National Conference on Air Pollution, which brought together 3,500 interested citizens from all parts of the Nation, called for vigorous and immediate action to apply control measures.

HEALTH MANPOWER

As of February 1, funds have been awarded to create 3,324 places for first-year students in new or expanded health professional schools.

These will expand our national educational capacity by 1,252 medical students, 786 nursing students, 589 dental students, and smaller numbers representing other health professions. About 1,000 of these new places will be ready for occupancy by September when the next academic year begins.

During 1966 and 1967 funds have been provided for 3,374 scholarship awards to students of the health professions in 227 schools. The average annual award is \$816 per student.

In addition, loans averaging \$1,190 were awarded during fiscal year 1967 to some 21,000 students in 149 schools. Both the scholarship and the loan programs are designed to help qualified young people from all economic strata to pursue a health professional career.

Grants totaling \$30 million have been awarded to 170 professional schools during fiscal year 1967, including 98 schools of medicine and 52 of dentistry, for purposes of strengthening their curriculums and teaching programs. These grants are intended to assure that improvement in quality accompanies expansion in quantity of educational output.

A research project aimed at increasing the productivity of dentists and expanding the functions of dental auxiliaries is now underway at Louisville, Ky. This 5-year investigation may be a key step toward meeting the Nation's dental manpower shortage, and may have implications for other health professions as well.

In the study, the duties of the dental assistant are being assessed to determine what additional responsibilities they might assume, thereby freeing the dentist to care for more people.

HEALTH KNOWLEDGE

CANCER RESEARCH

This year, 1967, marks the 30th anniversary of the National Cancer Act which set in motion the greatest biomedical research effort in history. The remarkable growth and productivity of biomedical science, due in great part to the leadership and foresight of this subcommittee and its chairman, has brought untold benefit to mankind.

ARTIFICIAL KIDNEY DEVELOPMENT

During the past year good progress has been reported in the development of more efficient and less expensive artificial kidneys to support life in patients with uremia.

Senator HILL. Has there been any real progress in getting the cost down some?

Dr. STEWART. Well, we have contracts with various places that are trying to make equipment which is much more simplified and, therefore, much less costly to operate.

The promise looks awfully good. The cost is really in personnel to operate the equipment not in the capital investment itself. It requires skilled personnel to man these centers for each dialysis and this runs the costs way up.

KIDNEY TRANSPLANTS

Hemodialysis systems have been significantly improved. Transcending these developments, however, has been the use of prototype tissue-typing tests to match unrelated persons for kidney-transplant operations.

This marks progress in the search for methods of overcoming the chief barrier to successful kidney and other organ transplantations—transplant rejection due to tissue incompatibility.

As a result, kidney transplants between unrelated but matched donors and recipients may well approach the success rate for transplants between relatives.

CANCER RESEARCH AND HODGKIN'S DISEASE CONTROL

Cancer research continues to yield valuable and encouraging results. A number of studies have shown that a high percentage of patients with localized Hodgkin's disease can experience complete control of their disease for 15 years and longer, if they are treated with intensive doses of X-ray.

Such results may be regarded as "cures" and suggest the possibility of a more promising outlook for this disease in the future.

Senator HILL. That is interesting about Hodgkin's disease—while it is localized it is very, very hopeful a "cure" can be made.

BREAST CANCER DETECTION

Dr. STEWART. Reports from a large-scale study supported by the Cancer Institute indicate that mammography, or examination of the breasts by X-ray, is revealing cancers not detectable by ordinary means and may be useful for early detection of breast cancer in populations of apparently healthy women.

ACUTE LEUKEMIA TREATMENT

A measure of progress in treating acute leukemia is the growing list (it now numbers 130) of children and adults who have survived for 5 years or longer after diagnosis of their disease.

The use of drugs fostered over the years by the Cancer Institute and the more recently introduced technique of platelet transfusions to control hemorrhage have, without doubt, been largely responsible for these long-term remissions.

Senator Hill, when I went to medical school and in my pediatric training, when we had a case of acute leukemia we could only hope then for 6 weeks' survival. So there has been a real advance. You notice I keep using 5-year cures and 15-year cures, but no one really knows when a cancer is cured, so we use the time limits for management of cures.

Senator HILL. Did you go to Minnesota?

REGIONAL MEDICAL PROGRAMS

Dr. STEWART. No, Louisiana State University.

Few, if any, health programs in recent years have generated more interest than the regional medical programs stemming from the Heart Disease, Cancer and Stroke Amendments of 1965.

One year's experience with the program has demonstrated conclusively that medical schools, community hospitals and private practitioners can develop cooperative arrangements for bringing the latest in medical knowledge into the mainstream of community medical practice.

PLANNING GRANT AWARDS

A total of 34 planning grants have been awarded to regional agencies during the past year. The first awards for actual operations will be made very soon.

In fact, our Council has now approved four awards in the operations field. As the existing regional plans are put into action, physicians in all parts of the country will have ready access to up-to-date diagnostic and treatment methods for the benefit of their patients who suffer from heart disease, cancer, stroke, and related diseases.

Each regional plan has been locally developed, designed to make maximum use of the region's medical resources to meet its particular needs. Every medical school and virtually every major hospital and medical society are participating in this highly significant endeavor.

MENTAL HEALTH

LITHIUM CARBONATE CONTROL OF MANIC-DEPRESSIVE PSYCHOSIS

National Institute of Mental Health scientists have conducted studies which indicate that lithium carbonate, an inexpensive element, dramatically controls the manic-depressive psychoses, one of the very prevalent mental illnesses.

The drug checks wild, manic behavior and serves as a preventive of both manic and depressed states, part of a single process.

Investigations are continuing, in the hope that lithium may become an effective drug in the prevention of suicide. The drug must be given under careful supervision to control side effects, but lithium appears to be the best agent yet found for the treatment of any mental disease, scientists in the NIMH depression project believe.

Where other drugs merely depress symptoms, lithium seems to attack the core of the psychosis and to reverse its basic action.

Senator COTTON. May I interrupt?

Senator HILL. Surely, go ahead.

Senator COTTON. I am deeply interested in that point because I went through years of difficulty with a close member of my own family and finally he was compelled to resort to frontal lobotomy operation.

I gather from what you say that this new lithium treatment looks like a permanent cure if it is periodically applied and can be done without side effects.

Dr. STEWART. I won't attach the words "permanent" or "cure" to it. What I am giving is the latest advance which is still experimental and looks like it has great promise.

DOWNGRADING OF SIDE EFFECTS

There are serious side effects. As has occurred before, when one discovers a compound, manipulation of the compound can downgrade the side effects and keep the main effect.

I am really using it as an illustration to show that the psychoactive drug area in the mental health field has been a tremendous advance. There are other drugs which control the manic stage to a certain degree.

It is really one of the bases of our ability to move out of custodial institutional care into community care. What I wanted the illustration to show is that it is still evolving.

Senator COTTON. I understand the term "permanent cure" is a layman's term and is something that men can never use and probably should never be used.

BODY-BUILDING RESISTANCE TO DRUG EFFECTS

But I was misinformed that, with many of the other drugs that have been used to stay or to prevent the acute forms of the manic-depressive, the body builds up a resistance to them until they have a diminishing effectiveness as used. Is that correct?

Dr. STEWART. I believe that is right.

LITHIUM CARBONATE APPARENT CHARACTERISTIC

Senator COTTON. And that at least up to this point, and understanding you cannot answer exactly, there is hope that that characteristic will not be present in the lithium treatment. Is that correct?

Dr. STEWART. Well, there is a good deal of hope of this. I think also, the hope is that the drug is attacking at a more basic level than the other psychoactive drugs.

The drugs have caused a change in behavior of patients so that one can then communicate and work with psychotherapy and other devices we have for the treating of the mentally ill.

RETURN OF MENTALLY ILL TO EFFECTIVE PERSON

It is also like all of the chronic diseases, difficult to tell when one has a cure. Our real goal in mental illness is, I think, return of the person to being an effective person in his home and in his community.

Senator COTTON. In other words, continuous treatment may well be necessary but by continuous treatment that person can be useful and have a reasonably useful and happy adjustment in society?

Dr. STEWART. Very much so. This is the basic tenet of the community mental health center. There is a way then, in the community of giving the amount of support, if any, a person needs to be able to continue as an effective member in that community.

That is the real goal.

Senator COTTON. Do you think the lithium will be of any help to us as we go through the ups and downs of campaigning for reelection?

Dr. STEWART. Perhaps the side effects are not worse than the side effects of campaigning, I don't know.

Senator COTTON. Excuse me, I don't mean to delay, but what is the nature of the side effects?

Dr. STEWART. I will have to ask Dr. Yolles what they are or he can give it when he gets up here.

Senator COTTON. I withdraw that.

OTHER MENTAL HEALTH RESEARCH ACTIVITIES

Dr. STEWART. In other mental health research activities, a study comparing true parents of schizophrenic patients with adoptive parents showed strong evidence of a genetic factor in schizophrenia. A new drug, cyclazocine, showed some promise of preventing the addictive effects of morphine-like drugs and may be useful in treating ambulatory patients who are highly motivated to avoid relapse to the compulsive use of narcotics.

NATIONAL CENTER FOR PREVENTION AND CONTROL OF ALCOHOLISM

A National Center for Prevention and Control of Alcoholism was established during 1966 in the National Institute of Mental Health to develop new knowledge and apply that which is already known to prevent and control this widespread and tragic affliction.

CONSTRUCTION AND STAFFING OF COMMUNITY MENTAL HEALTH CENTERS

Since 1963, grants have been made for the construction or initial staffing of 153 community mental health centers in 42 States, Puerto Rico, and the District of Columbia. These centers represent a long stride forward in the humane and constructive treatment of the mentally ill. They bring needed care into the light of community concern and community medicine. As this movement gathers strength, it promises increasing hope for many of our people who, a few years ago, would have been condemned to isolation from society.

SUMMARY

The challenge before the American health partnership is great and insistent. The public we serve has come to expect high quality health services, readily accessible, as a right to which all are entitled. To meet these just aspirations we need continually to strengthen our national health resources and constantly to improve our use of the resources we have.

This is a welcome challenge. Today's aspirations for health are high because recent achievement has been great and because scientific advance has opened the doors for further progress. Your leadership, Mr. Chairman, and that of your colleagues, has made possible much of the success on which the public's expectations are based.

With continued guidance and support from this committee and the Congress as a whole, I believe that the Public Health Service will deliver its full and appropriate measure of stimulus and leadership to the task of meeting the people's health needs.

Mr. Chairman, I will be glad to answer any questions.

Senator HILL. Senator Cotton, any questions?

Senator COTTON. Well, I join the chairman in commending you for this very comprehensive statement. It is an inspiration to hear it. This is not any reflection upon your scientific knowledge in the various fields, but I rather gather that the various subjects you have covered in this statement will be covered in greater detail by your associates, each of whom is charged with a certain part of the activities covered in your statement?

Dr. STEWART. This is quite correct, Senator Cotton.

Senator COTTON. So in general you would prefer we reserve our specific questions on specific parts of your statement—save your time and theirs and ours—for the subsequent witnesses in order to conserve time?

Dr. STEWART. Well, if you have very specific questions such as one like the side reactions of lithium carbonate, I think it would be better to ask the individuals defending the individual appropriations. They will be able to give you more detail.

SERVICE PROGRAM ADDITIONS

Senator COTTON. Now, one general question. You have referred to many new programs entrusted to your administration?

Dr. STEWART. Senator Cotton, in the last 20 years 50 major new programs have been added to the responsibility of the Public Health Service.

REORGANIZATION MANDATE

This was really one of the reasons why reorganization was so necessary.

We had not reorganized for 22 years. It was obvious that we had tucked programs here and there and we had not organized ourselves in relationship to clearly defined missions which had emerged from the assignment of these 50 new programs.

Senator COTTON. How long have you been the Surgeon General?

Dr. STEWART. Since October 1965. It is about 18 months.

Senator COTTON. How many new programs have been added in that brief time of your incumbency?

Dr. STEWART. Well, the Allied Health Professions Act, which was a new program, the Comprehensive Health Planning and Public Health Services Act, which was a realignment of some of the older programs plus addition of comprehensive health planning at the State level. Those are two I can recall.

The air pollution amendments of last year added new responsibilities. I believe those are the three. The Narcotic Addiction Rehabilitation Act, which is four.

PROGRAM COST DIMINUTION

Senator COTTON. Some activities are in a sense terminal, as you understand the word. Suppose a vaccine is finally developed for measles and its side effects analyzed and it is in use. The necessity for you to administer the program, the resultant cost to the budget on some of those specific projects finally reaches a point where they go down, am I correct?

Dr. STEWART. It is possible. Since the nature of the health diseases of the Nation is changing character over a period of time, it may call for redirections which might affect this.

Senator COTTON. I understand that. I am coming to that. I understand perfectly for every disease that you substantially meet the goal, there would be immediately two or three more that have been waiting in the wings for your specific attention. I understand that the overall must be constantly on the increase, but there are some fields where if they don't terminate at least the financial pressure goes down on them?

Dr. STEWART. This is correct. May I give an example?

Senator COTTON. Yes.

COMMUNICABLE DISEASE CENTER PROGRESSION

Dr. STEWART. The whole Communicable Disease Center was founded on the control of malaria in the United States. Shortly after World War II, beginning in the fifties, it was quite apparent there was no malaria any more in the United States. The Communicable Disease Center addressed itself to other diseases in the country with the techniques that are used in control of communicable diseases or parasitic diseases.

VENEREAL DISEASE TREATMENT

Senator COTTON. We have no appropriation for malaria and have not had since the early 1950's or late 1940's, but there was a reorientation and I don't know if appropriations went up or down, but the malaria appropriation disappeared and other programs appeared. On the other hand it has been my understanding that you first improved the treatment of VD in this country, and it was hoped that it could be eradicated and there was some progress toward that goal but then suddenly it began to go up again, is that correct?

Dr. STEWART. You are quite right, Senator Cotton. About 4 or 5 years ago, we had a group of experts look at the problem of syphilis. They recommended that we have a program to eradicate it by 1972.

We are now about 4 or 5 years into that program and it is obvious our goal will not be reached.

We are taking, this year, a good hard look at the whole approach to syphilis control to see if the methods that we are using are actually sound or whether there should be things added on or if there should be different approaches.

In gonorrhea, it is also obvious we are not getting anywhere with control of it in this country. Even though penicillin is still specific for gonorrhea, there is a growing resistance of the organism to it.

Here, we just don't have the tools to work with that we had on syphilis.

Senator COTTON. I was bringing it up as an illustration. I assume you can really never know in any particular disease when you have it, if not entirely eradicated, on the run so that your expenditures and activities can be to some extent curtailed or when it may require renewed intensive effort, both administratively and financially. Is that right?

Dr. STEWART. This is correct, Senator Cotton.

COST INCREASE

Senator COTTON. I think under the leadership of men such as the chairman of this subcommittee we have made and will continue to make strides and we will have constant support here for you but by and large it is going to be a ballooning appropriation in the foreseeable future.

Dr. STEWART. I think so, yes.

BUDGET BUREAU REDUCTION

Senator COTTON. And I know I am trespassing on the chairman now, but for your whole department you made certain requests of the Budget Bureau and were you granted all of those requests?

Dr. STEWART. No, sir.

Senator COTTON. About what percentage of your total requests were recommended by the Bureau of the Budget?

Dr. STEWART. We asked the Bureau of the Budget for \$3,356,569,000 and the budget contains \$2,901,762,000. It is about a 10 percent reduction in our request to the Bureau of the Budget.

Senator COTTON. Not just across the board, however.

Dr. STEWART. No, sir.

Senator COTTON. Where was the greatest cut or cuts made by the Bureau of the Budget?

Dr. STEWART. I don't have the percentages.

Senator COTTON. I meant, in general, where were the cuts made?

Dr. STEWART. A little over \$62 million in manpower, a little over \$36 million in disease prevention and environmental control, over \$60 million exclusive of Indian health in the health services, a little over \$221 million in the National Institutes of Health, a little over \$30 million in the National Institute of Mental Health, and a little over \$30 million in what we call other public health.

Senator COTTON. Now, were the cuts in the mental health program such that they curtailed the establishment of a mental health center?

Dr. STEWART. No, sir, they did not.

Senator COTTON. They do not hit that particular part of the program?

Dr. STEWART. No, sir. The construction program is now before the Congress for review. Therefore, no funds have been authorized as yet.

BILL TO PROVIDE FEDERAL SUBSIDIZATION OF NURSES

Senator COTTON. Just one other question, if you will forgive me, Mr. Chairman, because this is a self-serving question on a subject I am particularly interested in.

Senator HILL. No; go ahead.

Senator COTTON. You may or may not be aware of the fact I introduced a bill which is before the legislative committee, headed by our chairman, about some direct Federal participation in compensation of nurses.

The reason for that was that I find that some, if not a large percentage, of the benefits of the Hill-Burton funds are being curtailed. For instance, in one of the cities in my State, where, with the assistance of Hill-Burton funds, three new wings were added to a hospital, one wing was opened and is still in use, a second wing was opened and had to be closed; and the third wing, all equipped, has never been opened solely because it was impossible to secure nurses.

Would you have any comment?

LOW SALARY EFFECTS

Dr. STEWART. I was aware of the bill. I don't know whether the Department has responded to that. But I think it has almost been universally recognized that nurses' salaries are quite low in this country.

This has acted as a deterrent to girls either staying in nursing or entering the field of nursing so we do have a shortage of nurses, quite a severe shortage of nurses. This is in part due to the fact that many, many nurses who have gone through training have left the field of actual practice, but keep up their licenses.

There have been movements to raise nurses' salaries around the country and they are going up. I don't know how extensive this is at the present time but in some major cities there have been considerable increases in nurses' salaries, which is going to be reflected in part in the higher cost of hospital care.

Two years ago—I don't know what the figure is now—the average salary of a floor nurse was \$2,900. This was hardly a competitive salary that interested one in a career in nursing.

BILL PROVISIONS

Senator COTTON. The bill provides that such aid as the Federal Government might render goes directly for the payment of salaries to nurses and cannot be diverted by the hospital for any other purpose. What seems to me to be a very important fact is that nurses simply leave the profession.

We establish scholarships and aids for training of nurses, using Federal money, and then promptly lose them because of the substandard salaries.

I hope you will give some attention to that bill and give it favorable consideration. I welcome your suggestions.

Thank you, Mr. Chairman.

earmarking of funds for specific control programs

Senator HILL. General, our good friend from New Hampshire raised the question of venereal disease. I may say we have had protests from across the country concerning the absence of earmarking of some of the control programs such as venereal diseases and tuberculosis.

LETTER FROM DEPUTY HEALTH OFFICER, JEFFERSON COUNTY, BIRMINGHAM, ALA.

In fact, I have a letter from deputy health officer of Jefferson County, Department of Health, Birmingham, Ala., expressing their concern. I am going to turn this letter over to you and ask you to furnish a statement commenting on the letter and I will include it in the record at this point.

(The letter and statement follow:)

STATEMENT OF DR. STEWART

The Public Health Service shares the concern of local health authorities over the continuing problems of venereal disease and its growing impact on the young people of our country. We certainly agree with Dr. William H. Riheldaffer, of the Jefferson County Department of Health, Birmingham, Alabama, on the importance of research to develop even more effective measures, including a vaccine, for controlling syphilis.

The Congress, in enacting Public Law 89-749, the Comprehensive Health Planning and Public Health Services Amendments of 1966, removed the categorical restrictions on the use of formula and project grant funds for health services. The Act affords the States flexibility, without restraint, to employ their total health resources where they decide they are needed.

The States and communities may now plan their use of health services grant funds in areas which they identify as being of the highest priority. This means they may concentrate on the eradication of syphilis and gonorrhea, for example, if this area appears to be one in which important success can be attained.

The Public Health Service concurs fully with the recommendations of the American Public Health Association, the American Social Health Association,

the American Venereal Disease Association, and the Association of State and Territorial Health Officers on the urgency of this problem. Aggressive action by private physicians and State and local health departments is required if we are to bring venereal disease under control.

The identification of health needs and the determination of health priorities are the responsibility of the State and local health authorities. We would urge, therefore, that in submitting applications for formula and project grant funds under P.L. 89-749, adequate provision be made for maintenance of successful VD control programs, and for strengthening and intensifying those programs.

JEFFERSON COUNTY DEPARTMENT OF HEALTH,
Birmingham, Ala., March 31, 1967.

Hon. LISTER HILL,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR HILL: In his message to the Congress on March 1, 1966, President Johnson listed as one of the goals in the field of health and education the attempt "to eradicate major communicable disease as a threat of life and health in the United States". Certainly, one of the grave public health problems confronting the Health Officers in Alabama, as well as elsewhere, is that of bringing venereal disease under control.

The application of presently known methods of case finding, treatment, and follow up must continue to prevent the resurgence of syphilis which touched off the present epidemic in 1958.

Research funds are essential to ultimately develop a vaccine against this scourge. Major attention along this line is being carried on in a few medical schools but mainly in the Venereal Disease Research Laboratory of the Public Health Service.

In Alabama, during the fiscal year 1966, the incidence of infectious syphilis was 36.4 cases reported for each 100,000 population. The infection rates for Montgomery, Mobile, and Birmingham are among the highest of the major cities in this country. The rate of new cases per 100,000 population between 1962 and 1966 showed an increase of 19.3 cases. This is greater than any other state except Mississippi. During the calendar year 1965, the most devastating information, however, was the newly reported cases of infectious syphilis in the 15-to-19-year-age group. Alabama had the highest rate reported from any state and the District of Columbia. During this same period, within one ethnic group, 31% of all live births in Jefferson County were illegitimate. Although this is not the cause of venereal disease, it is a serious problem which accompanies it. *Nationwide, the rate of infection per 100,000 among the 15-to-19-year-old age groups for both infectious syphilis and gonorrhea was more than double the rate for all age groups combined in 1965.*

In all probability, these rates do not reflect the actual venereal disease problem as it exists in the United States but it does indicate that a vigorous and aggressive case finding investigation of contacts is being pursued by the Departments of Health within the State of Alabama.

It would be tragic, at this point of progress, to permit even a slight reduction in attempts to control this deadly infection. That the problem is not merely regional, but nationwide, should afford sufficient determination to implement the present program through expanded assistance in the field of public education, health department activities, cooperation of the private practicing physician, and the solicitation of community support.

I am enclosing for your information a joint statement by the following organizations:

American Public Health Association
American Social Health Association
American Venereal Disease Association
Association of State and Territorial Health Officers

Your support of the appended Joint Committee recommendations is urgently requested.

Sincerely,

WILLIAM H. RIHELDAFFER, M.D., M.P.H.,
Deputy Health Officer.

RECOMMENDATIONS

A slight reduction in the reported national incidence of primary and secondary syphilis occurred in fiscal year 1966. This should be the signal for an intensified attack in order to bring about a progressively rapid reduction of incidence.

Particular emphasis should be given in those geographical areas where rates are still increasing or remaining stable.

The growing magnitude of the gonorrhea problem demands that aggressive action be taken to bring it under control. This requires the diligent work of all private physicians who treat infected patients and of all state and local health departments.

In school and community, increasingly effective programs of education about the venereal diseases must be developed to support these efforts.

Research to develop new approaches to control, including immunizing agents for both syphilis and gonorrhea, may be essential for the eradication of these diseases.

Therefore, we, the undersigned, recommend:

1. That the Congress appropriate \$17,500,000 for VD control in fiscal 1968 to provide: an intensified program to reduce the incidence of infectious syphilis faster; the initiation of an active campaign against the serious menace of gonorrhea, with incidence exceeding that of 1950.

That the estimates of the cost of such programs submitted by state and city health officers for this *Joint Statement* be considered by the Administration and the Congressional Committees on Appropriations in determining the federal appropriation for 1968.

That the recommended appropriation of \$17,500,000 be allocated as follows:

\$11,500,000 for maintaining the VD control program at its present level;

\$2,500,000 for intensive pilot studies in the control of syphilis;

\$2,000,000 for initiating a total campaign against gonorrhea;

\$1,500,000 for expanding research, professional training and public education, with one-half million of this allocation earmarked for medical training of professional personnel.

(Note: In the event that federal aid to states for VD control in fiscal 1968 is to be made available only under the provisions of the "Comprehensive Health Planning and Public Health Services Amendments of 1966," the Sponsors of the *Joint Statement* recommend that the current federal, state and community VD programs for control of the venereal diseases be considered as coming within the provisions of the section on "Project grants for health services development" in which provision is made for "providing services to meet health needs of . . . national significance.")

Further, that State Authorities, in submitting applications for grants under the provisions of this Act, make adequate provision for maintenance of successful VD control programs in their states and communities, and for strengthening and intensifying them as urged in this *Joint Statement*, during a period in which guidelines may be changing.)

II. That physicians in private practice, who treat a majority of persons infected with primary, secondary and early latent syphilis and gonorrhea in the U.S., report all cases for follow-up study as recommended by their professional organizations, and that the American Medical Association, the American Osteopathic Association and the National Medical Association take even more initiative in promoting cooperation of private physicians in efforts to control the venereal diseases.

III. That a follow-up study to the 1962 National Study of VD Incidence be made in 1967 to determine as accurately as possible the number of venereal disease cases treated by private physicians; and that the study be so designed as to identify factors which would improve the reporting of these cases to health departments.

IV. That in those states where adequate legislation does not yet exist, laws or health department regulations be established requiring that all laboratories, public and private, report all positive laboratory findings relating to syphilis *by name* to the health department having jurisdiction; that in states now having this requirement, state and city health departments implement complete adherence to it by all laboratories.

V. That since statistics indicate that forty per cent of all infectious syphilis cases in the United States in fiscal year 1966 were brought to treatment as a result of epidemiology, health departments and physicians in private practice accept, jointly and separately, the responsibility for complete application of the syphilis epidemiologic procedure for obtaining the names of persons who have been exposed to syphilis and bringing to treatment those found to be infected.

VI. That since the application of epidemiological (preventive) treatment to all adequately identified sex contacts exposed to infectious syphilis who are

clinically and serologically negative upon initial examination is now approved by the vast majority of state health departments, every effort be made to close the gap between policy and practice as a means of preventing the further spread of syphilis.

VII. That the Joint Commission on Hospital Accreditation again consider as an accrediting factor the reinstatement of serologic tests for syphilis on all routine hospital admissions. (Automation in performing serologic tests for syphilis is now in developmental stages, and when perfected should reduce the cost of tests materially.)

VII. That in view of the increased number of men in the Armed Forces, military and civilian health officials attempt to improve present good cooperation by establishing a joint commission to review, initiate and take follow-up action on measures designed to minimize further venereal disease infection among both men in the Armed Forces and their contacts in the civilian community.

IX. That state and local departments of education assure the inclusion of effective VD education in the school curricula at appropriate grade levels, and that state and city health departments assist schools in the provision of teaching materials and in the preparation of teachers: that in view of the sharply increasing incidence of venereal diseases among teenagers, VD education in the schools be implemented well and rapidly.

X. That community programs of information and education about the venereal diseases be further promoted by national, state and local civic, religious, and professional groups, and that they lend their continuing support to the inclusion of VD education in the schools.

XI. That the Surgeon General of the Public Health Service establish a Commission of Experts to study and evaluate present approaches to the control of the venereal diseases in the U.S. and in other countries, including the efficacy of penicillin prophylaxis now in use in other countries; that the Commission attempt to expedite development of new and more effective methods of control, including possible antibiotic prophylaxis; that it explore the status of existing research efforts in immunology of the venereal diseases and stimulate a major expansion of such research through the allocation of federal funds and the encouragement of contributions by private foundations.

XII. That since the venereal diseases are a world-wide problem, an International Conference on venereal disease be held within the next two years for the purpose of assessing the current status of the control of syphilis and gonorrhea on a world-wide basis and of bringing about an exchange of new approaches to control and of new developments in research; that this project be proposed by the Surgeon General of the U.S. Public Health Service to the World Health Organization, United Nations Children's Fund, the International Union Against the Venereal Diseases and the Treponematoses and other international organizations working in the cause of VD control.

EMPHYSEMA: INCREASING CAUSE OF DEATH AND DISABILITY

Senator HILL. Doctor, since my friend has joined us, Senator Bartlett, the committee report on the bill for the present fiscal year 1967 under the item for chronic diseases and health of the aged expresses concern over the growing problem of emphysema.

Can you report to us now on this?

Dr. STEWART. Yes, sir; we have been looking at the various approaches to emphysema. This is a disease which is emerging as a highly significant one in our society.

Senator HILL. We hardly had any a few years ago?

Dr. STEWART. It was there.

Senator HILL. Yes; it was there but we didn't hear about it.

Dr. STEWART. But now it is an increasing cause of death and increasing cause of disability and it is of great importance. I think the reason why you find different programs in the Public Health Service dealing with this disease is because there are so many factors which relate to emphysema. Since most of these programs are really looking at ways to prevent the causes, or the effects, it shows up in the various programs.

REPORT ON RESPIRATORY DISEASE

We have put together a report on respiratory disease which we have either submitted or are about to submit to this committee. It was ready about 2 weeks ago when I checked in on it.

Senator HILL. We have not received it yet. Will you make sure we get a copy?

RESPIRATORY INTERBUREAU COMMITTEE AND UNITS

Dr. STEWART. I certainly will. We will have an interbureau committee on respiratory disease to make sure that we have full information on what each element is doing in this disease. We have formed a respiratory unit in the National Chronic Disease Center and the National Institute of Allergy and Infectious Diseases looking into the possibility of various infections leading to emphysema. The occupational health program is interested in industrial exposure to things causing chronic lung damage over a period of time, such as dust and some chemicals.

The respiratory disease program in the chronic disease area is mainly charged with "what can we do to prevent or ameliorate this disease in the clinical sense right now." I think there is a real possibility to stabilize the disease in many who already have it now if they can have access to good clinical facilities.

Senator HILL. Any questions, Senator?

Senator BARTLETT. Just a few things.

Senator HILL. Senator Bartlett, if you and Senator Cotton will excuse me, and the Surgeon General, due to the trucking situation, and the threatening railway strike, I have to go to the White House in a few minutes and I am going to ask to be excused and Senator Bartlett, can you carry on?

Senator BARTLETT. Yes; although I too have an engagement in a half an hour or so.

Senator HILL. How about you, Senator?

Senator COTTON. I am in the same position. I think I have the same engagement.

Senator HILL. I regret very much to leave. I want to again, General, commend you on your very comprehensive and very lucid and splendid statement and I appreciate it very, very much.

Dr. STEWART. Thank you.

Senator HILL. Senator Bartlett, if you take over I will appreciate it. I am sorry I have to go.

EMPHYSEMA DEATH

Senator BARTLETT (acting chairman). Dr. Stewart, how does emphysema kill?

Dr. STEWART. How does it kill? Well, it kills in the sense of choking off the ability to take oxygen out of the air into your system. Emphysema is a disease in which the lung, air sacs, become expanded but they can't expire the air and in expansion there is a change in the ability of the blood in the lungs to absorb oxygen. You get an oxygen dearth.

Of course, then this puts extra work on the heart and you get a combination cardiopulmonary effect.

MORTALITY AND DISABILITY

Senator BARTLETT. Is it described in medical circles as being principally a killer or a disabler?

Dr. STEWART. I think it is more of a disabler than a killer but the mortality rate has been going up. It started at a small number but I think now there are 15,000 or 16,000 deaths a year from it.

It is one of the major causes of disability, for example, that social security pays for. It has been quite disabling.

NATIONAL INSTITUTE OF MENTAL HEALTH BUDGET REQUEST

Senator BARTLETT. The mental illness program to which Senator Cotton referred, I think you said its budget was reduced by 30-plus-million dollars?

Dr. STEWART. Yes, sir.

Senator BARTLETT. That left you how much?

Dr. STEWART. The budget now before the Congress is \$346,909,000.

Senator BARTLETT. Is this a relatively new program?

Dr. STEWART. No, the National Institute of Mental Health is about 20 years old and has grown steadily since its inception. It covers a wide range of activities from basic research to improvement of services for the mentally ill and prevention of mental illness.

It was a part of the National Institutes of Health until the reorganization of the Public Health Service on January 1, 1967. At that time it was made a separate bureau.

Senator BARTLETT. It has no direct connection with the National Institutes now?

Dr. STEWART. No direct connection. There is collaborative intramural research.

RESEARCH AND TRAINING GRANT PROGRAMS

Senator BARTLETT. How is the money used and by that I mean do you make grants for basic research—and do basic research yourself?

Dr. STEWART. Most of the funds are used for grants to support research and training, training psychiatric nurses, social workers, psychologists and psychiatrists.

Grants are made for improving the State hospitals, the so-called hospital improvement grants, and for inservice training in those hospitals. Funds are used for the development and construction of comprehensive mental health centers as well as the initial staffing of these centers. A whole range of mental health activities is supported.

We also run an intramural research program.

PSYCHIATRIST NUMBER INADEQUACY

Senator BARTLETT. Are there enough psychiatrists in the country to meet the needs?

Dr. STEWART. No.

Senator BARTLETT. How many are there?

Dr. STEWART. I would have to check on that, Senator. It is about 19,000 psychiatrists.

Senator BARTLETT. What would you estimate the need to be?

Dr. STEWART. About three time that amount. There is a report on manpower needs in the mental health field that is available to the committee. There have been some inroads made on this need by the training programs of the National Institute of Mental Health. Early in its history the NIMH began a large-scale support program for training of psychiatrists as well as other mental health professionals.

If I recall rightly, there were a few small departments of psychiatry in the medical schools and now there are psychiatric departments in almost every medical school.

GENERAL PRACTITIONER TRAINING IN AID OF PSYCHIATRIC TREATMENT

Senator COTTON. An important part of the program, as I have understood from past years' hearings, is in affording training for general practitioners so that they can at least detect the need for psychiatric treatment and to a certain extent aid in it. That is a function of the mental health centers?

Dr. STEWART. No; it is a separate program. There are, however, funds available to do this.

BUDGET BUREAU REDUCTION AFFECTING PROGRAM

Senator BARTLETT. Did the budget cut hit those funds?

Dr. STEWART. I will have to look that up.

Mr. CARDWELL. \$4,947,000 was reduced by the Bureau of the Budget.

Senator BARTLETT. Reduced that amount?

Mr. CARDWELL. Yes.

Senator BARTLETT. What is the amount now before the Congress?

Dr. STEWART. \$100,762,000 which is an increase of \$8,496,000 over 1967. That is the total training program, Senator Cotton; it is not specifically the training program you are mentioning.

Senator BARTLETT. Then it couldn't be said that particular training program was cut \$5 million?

Dr. STEWART. No, sir; it could not.

Mr. CARDWELL. The total training activity.

Senator COTTON. Considering the need and inadequate supply of psychiatrists, isn't the total training activity highly important?

Dr. STEWART. Very much so, since it is obvious we are not going to increase the number of psychiatrists by a factor of three in any short period of time.

Then much of the mental health work has to be done by physicians not psychiatrists and if they could have training in psychiatry, so they could handle those things they can't handle, it extends our ability to take care of the mentally ill.

Senator COTTON. Thank you, Mr. Chairman.

GENERAL PRACTITIONER QUALIFICATION AS PSYCHIATRIST

Senator BARTLETT. Not at all. I am glad to have it. Well, we all know general practitioners who for whatever reason decide to become psychiatrists—how long is their training period before they are qualified as registered psychiatrists?

Dr. STEWART. This training program was not necessarily geared to converting a general practitioner into a psychiatrist but to give him

a year's training in psychiatry so he could better handle psychiatric illnesses within his general practice.

Senator BARTLETT. Just assuming a general practitioner decides to become one, how much time would he have to spend in school to reach that plateau?

Dr. STEWART. He would have to spend 3 years in training. This would be in residency-type training.

GRANT FUNDING OF TRAINING

Senator BARTLETT. Let's say that Dr. X came to you and said I have been practicing general medicine for Y years and I now want to be a psychiatrist. Can you make available to him a grant on the table or does he have to pay it back?

Dr. STEWART. Assuming he is otherwise qualified, we can support his training over this period of time by a training grant which is not repayable.

Senator BARTLETT. What can you give the man a year?

Dr. STEWART. Up to \$12,000 a year.

LITHIUM CARBONATE CONTROL OF MANIC DEPRESSIVE PSYCHOSIS

Senator BARTLETT. Now, Dr. Stewart, in your prepared statement you said that studies at the National Institute of Mental Health indicate that lithium carbonate has been discovered to be very useful with respect to depressive psychosis. Is this a relatively new discovery?

Dr. STEWART. Yes. This was intended to show the frontier of developments in the use of psychoactive drugs. This is a very new drug which is still highly experimental. It looks very promising.

Senator BARTLETT. Is it something that has existed for a long time?

Dr. STEWART. Well, lithium carbonate is, of course, a very common chemical.

Senator BARTLETT. Is it used in just that form?

Dr. STEWART. I don't know whether it is used in any other form or not.

PSYCHO DRUG AREA EXPANSION AND DEVELOPMENT

Senator BARTLETT. Nothing mixed in it, I mean?

Dr. STEWART. No, sir. We do have, you know, a whole range of drugs which calm a person down from the manic stage. The psychoactive drug area is expanding and developing at the present time.

Senator BARTLETT. You are coming into the use of tranquilizers generally?

Dr. STEWART. That is right.

Senator BARTLETT. Isn't it true that these have been of great help?

Dr. STEWART. Very much so.

HOSPITALIZED MENTAL PATIENTS

Senator BARTLETT. How many people, if you know, are hospitalized in any State for mental illness?

Dr. STEWART. Per year?

Senator BARTLETT. No all together.

Dr. STEWART. Well, it depends on the situation. You have to divide it between State hospitals and regular general hospitals.

Senator BARTLETT. Well, it is not important.

INCREASING PSYCHIATRIC CARE IN GENERAL HOSPITALS

Dr. STEWART. I think the important thing is that the admissions to general hospitals for psychiatric care exceed the admissions to the large institutions.

This has been a trend which shows that more people are being treated in their own communities rather than being sent off to large, remote institutions.

There are 426,000 people in State and county hospitals, the large custodial institutions.

Senator BARTLETT. This type of treatment was not possible before they were in institutions close to home in all probability, is that right?

Dr. STEWART. This is correct. Since 1955, the number of people in the large institutions has steadily decreased. If there had not been this decrease we would have expected to have over 700,000 patients in mental institutions.

Much of this decrease is attributed to the introduction of tranquilizing drugs plus other things which came along. Prior to 1955 we had a curve going up and in 1955 it started to go down. If the trend had continued we would have had 700,000 patients instead of 400,000.

MENTAL HEALTH CENTER CARE EFFECTIVENESS

Senator BARTLETT. If you take a person who is in early stages of a mental illness to a local mental health center, it is much more likely that complete recovery can be obtained?

Dr. STEWART. It is very likely so. Some will require support over a period of time. They will get it in an ambulatory setting or outpatient setting or other type of setting in a community center. If it was not there, they would relapse and have to go back to a State institution.

The whole idea is early care, continuous care, in the community for the person so he can be as effective an individual as possible.

Mr. BARTLETT. Thank you very much.

I have no further questions.

ORDER OF HEARINGS

Senator COTTON. I am curious, as a matter of procedure, Dr. Stewart, what witness is going to follow you?

Dr. STEWART. Dr. Fenninger, who is the Director of the Bureau of Health Manpower.

Senator COTTON. Now, this gentleman here whose name I should know.

Dr. STEWART. Dr. Yolles, the Director of the National Institutes of Mental Health. I don't know where he comes in.

Senator COTTON. I merely asked that question, Mr. Chairman, because I am one of the members of this committee very keenly interested in this subject. Of course, we are not going to be able to go long today for various reasons. I am hoping we can know when he is going to testify because I want to be sure to be here.

Senator BARTLETT. Thank you very much, Doctor.

HEALTH MANPOWER EDUCATION AND UTILIZATION

STATEMENTS OF DR. LEONARD D. FENNINGER, DIRECTOR, BUREAU OF HEALTH MANPOWER; DR. JOSEPH A. GALLAGHER, DEPUTY DIRECTOR, BUREAU OF HEALTH MANPOWER; DR. VIRON L. DIEFENBACH, DIRECTOR, DIVISION OF DENTAL HEALTH; JESSIE M. SCOTT, DIRECTOR, DIVISION OF NURSING; FREDERICK ERICKSON, ACTING DIRECTOR, DIVISION OF ALLIED HEALTH MANPOWER; RAYMOND F. DIXON, DIRECTOR, DIVISION OF HEALTH MANPOWER EDUCATIONAL SERVICES; JOHN W. HAMBLETON, FINANCIAL MANAGEMENT OFFICER, BUREAU OF HEALTH MANPOWER; DR. WILLIAM H. STEWART, SURGEON GENERAL; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

HEALTH MANPOWER

HEALTH MANPOWER EDUCATION AND UTILIZATION

To carry out, to the extent not otherwise provided, sections 301, 306, 309, 311, title VII, and title VIII of the Act, and for training grants under section 422 of the Act, \$170,413,000, of which \$5,000,000 shall be available through June 30, 1969, to carry out title VIII of the Act with respect to nursing educational opportunity grants.

Loans, grants, and payments for the next succeeding fiscal year: For making, after March 31 of the current fiscal year, loans, grants, and payments under section 306, parts C, F, and G of title VII, and parts B and D of title VIII of the Act for the first quarter of the next succeeding fiscal year, such sums as may be necessary, and the obligations incurred and expenditures made hereunder shall be charged to the appropriation for that purpose for such fiscal year: Provided, That such payments pursuant to this paragraph may not exceed 50 per centum of the amounts authorized in section 306, parts C and G of title VII, and parts B and D of title VIII for these purposes for the next succeeding fiscal year.

APPROPRIATION LANGUAGE CHANGES

The reorganization of the Public Health Service and the creation of a Bureau of Health Manpower has resulted in the creation of a "Health manpower education and utilization" appropriation account which necessitates a new language statement, citing existing authority contained in the Public Health Service Act.

The language authorizes \$5,000,000 for nursing educational opportunity grants under Title VIII of the Act, as amended by the Allied Health Professions Personnel Training Act of 1966 (P.L. 89-751) and extends advance obligational authority to allied health professions traineeships, authorized by P.L. 89-751.

1194 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Amounts available for obligation

	1967	1968
Appropriation.....		\$170, 413, 000
Comparative transfers from:		
" Injury control".....	\$102, 600	
" Chronic diseases".....	397, 400	
" Community health services".....	101, 233, 000	
" Communicable diseases".....	266, 600	
" Dental services and resources".....	8, 604, 000	
" Nursing services and resources".....	24, 364, 000	
" Construction of health educational facilities".....	722, 000	
" Office of the Surgeon General, salaries and expenses".....	53, 000	
Program supplemental proposed for separate transmittal.....	12, 750, 000	
Total NOA ¹	148, 497, 600	170, 413, 000

Excludes estimated obligations due to advance obligational authority, details of which are on p. 1194.

Obligations by activity

Description	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Physician manpower:						
(a) Research grants.....		\$661, 000		\$763, 000		+\$102, 000
(b) Direct operations.....	87	2, 595, 000	110	2, 918, 000	+23	+323, 000
Dental services and resources:						
(a) Grants:						
(1) Research.....		1, 152, 000		1, 453, 000		+301, 000
(2) Fellowships.....		50, 000		100, 000		+50, 000
(3) Training.....		2, 949, 000		3, 500, 000		+551, 000
(b) Direct operations.....	249	4, 273, 400	273	4, 730, 400	+24	+457, 000
Nursing services and resources:						
(a) Grants:						
(1) Research.....		2, 087, 000		2, 655, 000		+568, 000
(2) Fellowships.....		462, 000		520, 000		+58, 000
(3) Training.....		20, 330, 000		22, 580, 000		+2, 250, 000
(b) Direct operations.....	173	2, 142, 800	183	2, 782, 800	+10	+640, 000
Allied health professions manpower (di- rect operations).....	46	867, 400	59	1, 104, 400	+13	+237, 000
Health manpower educational services:						
(a) Training grants.....		50, 485, 000		85, 750, 000		+35, 265, 000
(b) Student loans.....		54, 225, 000		31, 000, 000		-23, 225, 000
(c) Scholarships.....		4, 030, 000		8, 200, 000		+4, 170, 000
(d) Direct operations.....	79	934, 000	81	1, 102, 400	+2	+168, 400
Program direction and management serv- ices.....	89	1, 254, 000	89	1, 254, 000		
Total NOA ¹	723	148, 497, 600	795	170, 413, 000	+72	+21, 915, 400

¹ Excludes estimated obligations due to advance obligational authority, details of which are on page 1194.*Advance obligational authority*

	1967 estimate amount	1968 estimate amount
NOA.....	\$148, 497, 600	\$170, 413, 000
Appropriation available from subsequent year.....	42, 850, 000	53, 750, 000
Appropriation available in prior year.....	-27, 055, 753	-42, 850, 000
Total obligations.....	164, 291, 847	181, 313, 000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	723	795	+72
Full-time equivalent of all other positions.....	44	54	+10
Average number of all employees.....	669	767	+98
11 Personnel compensation:			
Permanent positions.....	\$6,172,400	\$7,011,400	+\$839,000
Positions other than permanent.....	310,000	399,000	+89,000
Other personnel compensation.....	14,000	15,000	+1,000
Total personnel compensation.....	6,496,400	7,425,400	+929,000
12 Personnel benefits.....	636,000	727,400	+91,400
21 Travel and transportation of persons.....	606,000	745,000	+139,000
22 Transportation of things.....	86,000	96,000	+10,000
23 Rent, communications, and utilities.....	381,000	417,000	+36,000
24 Printing and reproduction.....	206,000	243,000	+37,000
25 Other services.....	411,400	445,400	+34,000
Project contracts.....	2,729,000	3,244,000	+515,000
Services of other agencies.....	24,800	24,800	-----
Payment to:			
"National Institutes of Health management fund".....	38,000	38,000	-----
"Health professions education fund".....	10,000,000	-----	-10,000,000
"Nurse training fund".....	5,500,000	-----	-5,500,000
26 Supplies and materials.....	239,000	283,000	+44,000
31 Equipment.....	213,000	203,000	-10,000
33 Investments and loans.....	42,806,886	34,550,000	-8,256,886
41 Grants, subsidies, and contributions.....	93,918,361	132,871,000	+38,952,639
Total obligations by object.....	164,291,847	181,313,000	+17,021,153

Summary of changes

Proposed supplemental.....	\$12,750,000
Comparative transfers from other accounts.....	135,747,600
1967 total NOA.....	148,497,600
1968 total NOA.....	170,413,000
Total change.....	+21,915,400

	Base		Changes from base	
	Posi- tions	Amount	Posi- tions	Amount
Increases:				
A. Built-in: Annualization of 93 new positions authorized in 1967.....				\$518,400
B. Program:				
1. Physicians manpower:				
Research grants.....		\$661,000		102,000
Direct operations.....	87	2,595,000	23	255,000
2. Dental services and resources:				
Research grants.....		1,152,000		301,000
Fellowships.....		50,000		50,000
Research training grants.....		200,000		100,000
Dental auxiliary utilization grants.....		2,649,000		351,000
Continuing education grants.....		100,000		100,000
Direct operations.....	249	4,273,400	24	392,000
3. Nursing services and resources:				
Research grants.....		2,087,000		568,000
Fellowships.....		462,000		58,000
Opportunity grants.....		750,000		4,250,000
Direct operations.....	173	2,142,800	10	558,000
4. Allied health professions manpower.....	46	867,400	13	136,000
5. Health manpower educational services:				
Health professions educational improvement grants.....		30,000,000		27,500,000
Allied health professions traineeships.....		750,000		750,000
Allied health professions educational improvement grants.....		2,785,000		6,965,000
Allied health professions new methods.....		200,000		800,000
Scholarships.....		4,030,000		4,170,000
Direct operations.....	79	934,400	2	47,000
Total program increases.....			72	47,453,000
Decreases:				
A. Nonrecurring program costs.....				-59,000
B. 1 less day's pay (261 days in 1967; 260 days in 1968).....				-22,000
C. Payments to diploma schools of nursing.....		5,000,000		-2,000,000
D. Grants to schools of public health.....		3,750,000		-250,000
E. Project grants for graduate public health training.....		5,000,000		-500,000
F. Health professions student loan program.....		35,325,000		-20,325,000
G. Nursing student loan program.....		18,900,000		-2,900,000
Total decreases.....				-26,056,000
Total net change requested.....			+72	+21,915,400

EXPLANATION OF CHANGES

*Increases**Physician manpower*

Research grants.—The requested increase of \$102,000 will support investigations related to medical education and the general strengthening of manpower in the health professions, particularly the numbers and types of ancillary personnel and their training and utilization. Approximately 14 research projects will be supported in 1968 compared with 12 in 1967.

Direct operations.—The requested increase of 23 positions and \$255,000 will permit expansion of the Division's efforts in the areas of physician education, physician supply and utilization, and educational facilities construction (10 positions) for which a \$43,000,000 increase in grants is being requested in another appropriation in 1968.

Dental services and resources

Research grants.—The requested increase of \$301,000 will support investigations in dental health such as epidemiological and socio-psychological aspects of cleft lip and palate, and attitude change with regard to dental care and preventive measures. Approximately 43 research projects will be supported compared with 41 in 1967.

Fellowships.—The requested increase of \$50,000 will provide for three additional fellowships and one career development award for research in the basic dental behavioral and clinical sciences and in public health dentistry. Three fellows were supported in 1967.

Research training grants.—The requested increase of \$100,000 will extend training in research into the prevention and control of dental disease and disorders, community disorders, and the behavioral sciences. One new program will be established in 1968.

Dental auxiliary utilization grants.—The requested increase of \$351,000 will provide undergraduate dental students with a longer and more comprehensive chairside experience with auxiliaries under professional supervision.

Continuing education grants.—The requested increase of \$100,000 will support two additional grant programs to improve teaching methodology and to develop appropriate systems of bringing continuing education to practicing dentists everywhere. Two grant programs were supported in 1967.

Direct operations.—The requested increase of 24 positions and \$392,000 is for the following programs: Seven positions and \$87,000 for the Division's support of State and local fluoridation efforts and in periodontal diseases; five positions and \$90,000 for assessment studies and education research in manpower supply and utilization; seven positions and \$130,000 for research activities in cleft lip and palate, malocclusion and periodontal disease and for continuing education activities at the Dental Health Center; and five positions and \$85,000 for additional cooperative efforts with State and local health departments, dental schools and other agencies in dental technology research and development.

Nursing services and resources

Research grants.—The requested increase of \$568,000 will support investigations in nursing education and nursing service, with the focus on patient-centered care, and on problems of nursing service administration and recruitment. Approximately 67 research projects will be supported in 1968 compared with 51 in 1967.

Fellowships.—The requested increase of \$58,000 will provide for nine additional fellowships to nurses for research training at the pre- and post-doctoral levels looking toward fuller understanding and improvement of nursing care. Eighty-five fellows were supported in 1967.

Opportunity grants.—The requested increase of \$4,250,000 will provide approximately 6,750 additional scholarships, through schools of nursing, to qualified high school graduates of exceptional financial need, who could not otherwise pursue a nursing career. Approximately 1,250 scholarships will be supported in 1967.

Direct operations.—The requested increase of 10 positions and \$558,000 is for the following programs: Five positions and \$57,000 are requested for general consultation and program support for comprehensive State and area planning for facilities, personnel and programs; five positions and \$401,000 for manpower resources (1) to determine guidelines for the training and utilization of par-nursing personnel, and (2) to study the causes of low pay scales and poor working conditions of nurses; and \$100,000 for contracts with State and local educational agencies and others to encourage qualified youths of exceptional financial need to complete secondary school and to enter the field of nursing.

Allied health professions manpower

The requested increase of 13 positions and \$136,000 will improve the capability of the Division to undertake a coordinated effort to determine shortages and needs in allied health manpower, to develop studies and demonstrations to improve educational techniques and curricula, and to provide needed consultation and technical assistance to educational institutions, professional groups and employers of allied health and public health workers.

Health manpower educational services

Health professions educational improvement grants.—The requested increase of \$27,500,000 will provide for basic and special improvement grants to approximately 172 schools of medicine, dentistry, osteopathy, optometry and podiatry to improve the quality of their teaching. Most of the increase will be used to make special improvement grants to medical schools. Basic improvement grants will be increased by approximately \$2,500,000 to a total of \$32,500,000 for supporting additional teachers and providing teaching and scientific equipment. Special improvement grants will be awarded for the first time with a total of approximately \$25,000,000 for schools whose applications are recommended by a national advisory council to strengthen areas of weakness which cannot now be accomplished through the basic grants.

Allied health professions traineeship.—The requested increase of \$750,000 will provide traineeships to students in the allied health professions. The 1968 program level of \$1,500,000 will train approximately 330 students.

Allied health professions educational improvement grants.—The requested increase of \$6,965,000 will provide for educational improvement grants to junior colleges, colleges and universities to improve curricula, expand training and support faculty in the allied health professions. Approximately 650 institutions will be assisted.

Allied health professions new methods.—The requested increase of \$800,000 will provide for grants to support projects to develop, demonstrate and evaluate curricula for training the new types of allied health professions personnel which will be needed as the organization and technology of health problems continue to change. Approximately 20 new projects will be supported.

Scholarships.—The requested increase of \$4,170,000 will provide scholarships to students from low income families who, without this assistance, would be unable to pursue their courses of study in schools of medicine, dentistry, osteopathy, podiatry, pharmacy and optometry. These funds will support approximately 2,000 new first year students and will provide continued support to approximately 2,000 second year students.

Direct operations.—The requested increase of two positions and \$47,000 will enable the Division to meet the additional workload resulting from rapid expansion of the Health Professions and Nursing Student Loan program.

Decreases

Payments to diploma schools of nursing.—Indications are that the \$5,000,000 available in 1967 will not be fully utilized. On this basis, a reduction of \$2,000,000 is reflected in 1968.

Grants to schools of public health.—The decrease of \$250,000 will result in a proportional reduction in payments to the 13 schools participating in the program authorized by section 399 of the Public Health Service Act, effective July 1, 1967.

Project grants for graduate public health training.—In 1967, approximately 145 projects were supported in 85 schools of public health, nursing, engineering, medicine and dentistry. With the decrease of \$500,000 in 1968, approximately 115 projects will be supported.

Health professions student loan program.—The decrease of \$20,325,000 is attributable in part to a supplemental request in 1967 of \$10,000,000, for a revolving fund, which is non-recurring in 1968 but which will be available in that year. The 1968 request of \$15,000,000 together with revolving fund amounts will support approximately 21,000 students, the same number as were supported in 1967.

Nursing student loan program.—The decrease of \$2,900,000 is attributable in part to a supplemental request in 1967 of \$2,000,000, for a revolving fund, which is non-recurring in 1968 but which will be available in that year. The 1968 request \$16,000,000 together with revolving fund amounts will support approximately 20,000 students; 17,000 were supported in 1967.

Explanation of transfers

[Purpose: To incorporate the staff and responsibilities of existing health manpower activities in the Public Health Service under the new Bureau created by the reorganization of the Service]

Comparative transfer from:	1967 estim ^c
"Injury control"-----	\$102, 600
"Chronic diseases"-----	397, 400
"Community health services"-----	101 238, 000
"Communicable diseases"-----	266, 600
"Dental services and resources"-----	8, 604, 000
"Nursing services and resources"-----	24, 364, 000
"Construction of health educational facilities"-----	722, 000
"Office of the Surgeon General, salaries and expenses"-----	53, 000

PHYSICIAN MANPOWER

Introduction

The Division of Physician Manpower was activated on January 1, 1967. Its mission is to provide national leadership for the improvement of the quality, quantity, utilization and effectiveness of physician manpower in the United States. Under the authority of the "Health Professions Educational Assistance Act of 1963", as amended, this Division administers a grants program to assist in the construction of teaching facilities for the training of physicians, dentists, pharmacists, optometrists, podiatrists, veterinarians, nurses, and other professional public health personnel. Further, under the "Nurse Training Act of 1964" and the "Allied Health Professions Personnel Training Act of 1966", it administers a grants program to assist in the construction of new and replacement or rehabilitation of existing teaching facilities for nurses and allied health professions. The Division also has a program responsibility for the professional aspects of "Basic and Special Educational Improvement Grants" budgeted in the Division of Health Manpower Educational Services to improve the quality of education in schools of medicine and osteopathy.

In 1960, 261,424 physicians and osteopaths were in active private practice in the United States, which represented an overall physician-to-population ratio of 141 per 100,000 population. In 1965, 285,550 physicians and osteopaths were in active private practice and the overall ratio had increased to 143 per 100,000 population. The above data on practicing physicians and osteopaths includes graduates of Canadian and other foreign medical schools who are in private practice in the United States. It should be emphasized at this point that the physician-to-population ratio is only one factor in determining the availability of adequate physician care for all Americans. The geographic distribution, supply and utilization, specialty areas of training, and quality education of physicians are also important questions in determining a meaningful index. This Division is concerned with all of the factors involving physician manpower and will develop programs at the national level to provide for improvements in adequate physician manpower services. The major effort will be to develop programs at the national level which will increase the number of physicians and osteopaths in active private practice from 285,550 in 1965 to approximately 324,000 by 1972.

Along with these efforts to increase the quantity of available physician manpower, the Division will implement programs to improve the quality of basic medical education: assess the utilization and supply of the manpower available; and provide recommendations for continuing education.

The objective of preparing more qualified physicians is being accomplished by (1) grants programs for the construction of new, and expansion of existing, teaching facilities leading to the professional Doctor of Medicine (M.D.) and Doctor of Osteopathy (D.O.) degrees; (2) manpower studies on physician requirements; (3) research grants in the general area of health manpower; (4) research and development, demonstration, consultation and assistance in the fields of curricula development and continuing education for physicians; and (5) major emphasis on the assessment of geographical distribution, supply and utilization in terms of future requirements.

To accomplish these ends, the Division is organized into four major Branches. They are Physician Supply and Utilization, Physician Education, Educational Facilities, and Continuing Education. The funding requirements for each of the Branches, as well as the requirements for support of research grants are discussed below:

Research grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Noncompeting continuations.....	8	\$443,000	6	\$298,000	-2	-\$145,000
New grants.....	4	218,000	8	465,000	+4	+247,000
Total.....	12	661,000	14	763,000	+2	+102,000

The need to expand the supply and improve the utilization of health manpower has stimulated tremendous interest in research into the various facets of physician education and the general strengthening of manpower in the health professions.

At present, we are studying the effective use of medical manpower to assess the rate at which designated skills of clinical specialties are acquired. With the results of this research we expect to move closer to answering the question of how to produce improvement in quality training in shorter training periods. Other studies include one aimed at developing objective criteria of performance for the practicing physician, one on continuing education of physicians in which it is hoped to establish the effectiveness of home study using programmed texts, and one related to the occupational structure of paramedical personnel. It is expected that the increasing demands, standards and costs which have characterized the health field will continue, and that staffing of these services will increase in numbers as well as in categories. The process of identifying what facets in the delivery of health care must be performed by physicians and what tasks may be performed by ancillary groups must continue. Investigation in this area, for which much information is not available, is therefore urgently needed and will be accelerated.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	87	\$820,000	110	\$1,059,000	+23	+\$239,000
Other expenses.....		1,775,000		1,859,000		+84,000
Total.....	87	2,595,000	110	2,918,000	+23	+323,000

Physician supply and utilization

The objectives of the physician supply and utilization program are to secure sound statistical information on the availability of active physician manpower in the United States and to determine the accurate geographical distribution of this manpower. Present information on physician supply and utilization is very uncertain. Much work has been done by the American Medical Association and other public and private organizations in this area. However, the lack of common objectives and goals has resulted in inadequate data. Because of the rapidly changing manpower structure, due to changing concepts in the delivery of health care, social and economic changes, and technological advances, it is necessary to develop a responsive information system to produce and retrieve accurate data on national, regional and local physician manpower. These objectives will be achieved through contracts and grants to public and non-profit organizations, and by cooperative working agreements with professional societies, schools of medicine, and other non-profit medical research groups. A start is being made in 1967 to provide information on the supply of trained physician manpower by specialty and geographical distribution.

The data supplied by such a system is needed by regions, medical schools, hospitals, long-term care facilities, medical societies and the total medical community in every State. The whole national health effort must have a scientific analysis of its present physician manpower capability and a projection of its future requirements in the supply and efficient use of physicians. The Nation's health manpower requirements, to provide adequate health care for all of our people, have never been established. This activity's goals are to determine how many physicians are in active practice, their geographical distribution, utilization etc., in order to project future requirements based upon such factors as population growth, social and economic changes, and technological advances and changing concepts in the pattern of the delivery of health services. Alternate plans for various levels of health care services with available physician manpower will be developed. Special studies will be undertaken to determine the required training and supply and utilization of physician manpower needed for the delivery of adequate health care.

In order to meet an ever-increasing national health manpower crisis, the improved utilization of all health disciplines and all health facilities is essential. One of our most important activities will be to assist in determining the health services that only physicians can provide. We propose to consult and work very closely with the medical leadership of the country in attempting this definition. Their assistance will guide us in developing information on physician supply and utilization. Information obtained from the foregoing studies will be made available to all interested organizations and individuals in the health manpower area.

Another important function will be to maintain surveillance over the progress made in producing additional teaching facilities and in increasing enrollments, and the extent to which additional facilities are required in the various States or geographical areas of the country.

An increase of six positions is requested to administer this program. These positions will provide leadership in stimulating research projects to identify the most effective methods for establishing a national physician manpower data referral system so that adequate health care can be provided for all Americans.

Physician education

The physician education activity brings together for the first time many of the diverse elements of physician education activities that existed throughout the Service, Department, and other areas of the Federal government. The education of the Nation's physicians has been referred to by some distinguished men of medicine as too long in length (25 years from kindergarten through medical school) and lacking in its responsiveness to provide quality and comprehensive medical care to the American people. This branch will concentrate its efforts on improving the quality of the secondary, collegiate, graduate and specialty education curricula that lead to the development of physicians who can provide improved health care services for our people. The program will have intramural and extramural activities. By contracts, consultation, advice and cooperative working agreements with universities, professional societies and other non-profit research associations, it will identify curricula needs, improvements, and new areas of medical study. Superfluous curricula will be identified through these cooperative efforts and newly developed curricula and instruction techniques will be recommended to prepare physicians for today's and future health service needs. A contract to develop ways and means of returning inactive women physicians to medical practice or administration through appropriate recruitment mechanisms and to develop a curricula of refresher courses in continuing education for these inactive women physicians is presently underway. This contract, in the amount of \$97,000 with the Presbyterian Medical Center in San Francisco, California, will be continued in 1968. It is expected that many inactive women physicians will be influenced to return to service as a result of this effort.

The different types of physician education needed to provide direct patient care at a predetermined level of health services for all American people will be programmed at the preliminary medical education process. The problem of what basic medical education requirements foreign-trained physicians should have completed is also of interest to this program. We shall draw upon the advice of the country's leading authorities in the field of medical education when developing recommendations for improvements.

An increase of seven positions is requested for this activity in 1968 to administer the growing program. These positions will be used to provide leadership for consultation with medical schools, medical societies, and other non-profit medical and educational research organizations, to develop and recommend improvements for a quality curricula from the high school level through medical school. In 1968, this work will begin to produce criteria and standards useful in the development of techniques and courses of instruction designed to improve the quality of medical education.

Educational facilities (construction)

The Educational Facilities Branch administers the grant program for the construction of teaching facilities for students pursuing studies in the health professions, nursing, and allied professions. Grants are made to public or private non-profit schools of medicine, dentistry, nursing, osteopathy, pharmacy, optometry, podiatry, veterinary medicine, public health, and the allied health professions. The Branch provides technical assistance and consultation to professional health schools regarding such problems as the need for proposed

construction; the relationship of the proposed construction to the program of the sponsoring agency; and the design and functional layout of facilities. It arranges for site visits of outside consultants to schools seeking Federal aid for the purpose of securing basic data and information which will enable the National Advisory Council on Education in the Health Professions and the Surgeon General to evaluate the validity of the project and its relative priority and urgency, and performs staff work essential to the presentation of such projects to the Council and the Surgeon General.

Guide materials pertaining to the design, construction, and equipping of professional and allied health schools are prepared by the Branch. The staff of professional and technical employees is constantly studying the changing requirements of teaching programs and is kept advised of changing teaching concepts by the Division responsible for the professional schools involved. The Branch also reviews and evaluates applications and determines conformance with statutory and policy requirements such as the relative effectiveness of the project in increasing first-year enrollment, availability of local finances, conformance of architectural plans and specifications to established requirements, and the need for constructing, expanding or rehabilitating the particular school involved. Regulations, procedures, and policies applicable to the problems and programs of the several types of eligible professional schools are under constant development or review.

An increase of ten positions is requested to provide for processing the expanded workloads stemming from the large increase in the construction of teaching facilities for the health professions, the accelerated activities in the construction of nursing facilities and the initiation of construction of teaching facilities under the recently enacted "Allied Health Professions Personnel Training Act of 1966."

Continuing education

Problems of continuing medical education for the Nation's physician manpower are the concern of this Branch. National leadership is provided through its intramural and extramural program operations to encourage and promote improvements in the quality of continuing medical education for physicians. New and current demonstration and research projects will carry out studies of educational approaches in the field of continuing medical education. During 1966 and 1967, in support of the recommendations made by the President's Commission on Heart Disease, Cancer, and Stroke, demonstration and research projects were begun, and are being conducted, to provide a high quality of continuing medical education. Special attention is now being given to the establishment of demonstration centers at medical schools where outstanding education resources are available. These centers conduct research, develop new educational approaches, evaluate the impact on medical practice, and train directors of continuing education. For example, we are now engaged in a project with the University of Washington School of Medicine to establish a demonstration center in continuing education for physicians in the Pacific Northwest. This center is determining the continuing education needs of physicians in this area and planning programs to satisfy them. Procedures involved in clinical communication systems are being evaluated by the center's staff in order to improve medical care of patients through modification of current procedures. Two continuing education programs being investigated at the center will ascertain why physicians do, or do not, participate in such programs of education.

Another project with the University of Southern California School of Medicine is examining four different types of continuing education programs conducted by this institution. The purpose of the study is to evaluate each of four programs (lecture-demonstration course, lecture-workshop course, correspondence course, and programmed correspondence course) in order to determine which is the most effective method of teaching with respect to learning content and the costs involved.

Five demonstration centers will be operating by the end of 1967 to provide support for continuing education, pilot studies and research on improvement of continuing education, and training of persons who have responsibility for administering these programs.

Within the overall increase of \$323,000 for direct operations, \$255,000 is for 23 positions new in 1968 to carry out the expanded programs described above and a net of \$68,000 is for annualization of increases authorized in 1967.

DENTAL SERVICES AND RESOURCES

Introduction

The goal of the Division of Dental Health is to achieve and maintain the highest possible standards of dental health for the entire nation. Toward this end, it works closely with state and local health agencies and all the leading health professional organizations.

The programs of the Division fall within four broad areas of activity—the development of an adequate supply of professional dental manpower resources and the more productive utilization of those resources; the development, through applied research, of practical methods for applying new knowledge on the prevention and control of disease; the securing of professional and public support for prevention and control measures, and the assurance of access to dental services for all people.

Basic to the Division's manpower development activities are ongoing analyses of the supply and distribution of dentists in relation to changing patterns of need and demand for service. Since the shortages these studies reveal are critical, the Division augments strong programs to increase the numbers of dentists in training with action to assure greater and more productive use of auxiliaries.

For example, under one of the projects supported by the Division's training grants program, 48 of the nation's 49 dental schools provide their dental students with training in the use of chairside assistants. These programs are already proving their worth; they need to be expanded and strengthened. At the same time, the Division is conducting a detailed study of auxiliary utilization to determine the optimum make-up of the dentist/auxiliary team and the duties the dentist should assign to the team members to achieve the most effective working relationship. This program, located at Louisville, Kentucky, offers a uniquely designed clinical setting for experiments in the practice of team dentistry. The project has already proven that the dentist's productivity can be increased 50% through the use of especially trained chairside assistants. Further experiments in team make-up hold the promise of more than doubling the number of patients that can be treated by the practitioner.

Through a program of fellowships the Division is supporting professional efforts to increase the number of dentists training for careers in applied research, and is working with component organizations of the dental profession to assure adequate supplies of personnel such as assistants, hygienists, and laboratory technicians.

To make certain that the American people benefit directly from the advance of scientific knowledge, the Division supports, through grants, a widening range of research directed to the improvement of methodology and technology and to their practical demonstration. Grant-supported extramural research includes experiments with a spray-on method of applying fluoride and a study of the durability of different filling materials. Division-conducted research, much of it housed in the Dental Health Center, embraces epidemiological studies of crippling conditions such as cleft lip and palate and malocclusion to develop methods for their prevention and control; tests of dental materials; and the development of instruction materials and automated teaching devices. The Division is also a pioneer in the design and distribution of up-to-date continuing education courses for practitioners to ensure the incorporation of the latest knowledge and techniques in actual practice. Grants authorized in 1967 enabled the Division for the first time to institute programs for extending the dentist's opportunity for training without serious loss of time from his practice. For the first time the practitioner has an opportunity to update his knowledge at a facility in reasonable proximity to his practice.

The Division's efforts to promote use of fluoridation are increasingly successful—an outstanding example is the recent National Dental Health Assembly. In the past year fluoridation proposals were accepted in 60% of the referenda held. Fluoridation support will be further strengthened next year. In addition, the Division is gearing up for the launching of a national program for the prevention and control of periodontal disease, the leading destroyer of teeth among adults.

The Division provides professional and administrative support to the community action programs of the Office of Economic Opportunity. It is conducting

research to analyze public attitudes toward dental health and dental care, and is using all the facts at its command in efforts to develop effective methods of educating the public in matters of health. In these, as in all the preceding programs, the public itself is the focus of the Division's concern and the ultimate beneficiary of all its activities.

Research grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Noncompeting continuations.....	23	\$529,000	26	\$935,000	+3	+\$406,000
New grants.....	18	584,000	17	498,000	-1	-86,000
Supplements.....	(3)	39,000	(2)	20,000	(-1)	-19,000
Total.....	41	1,152,000	43	1,453,000	+2	+301,000

A principal challenge before the Division is the development of applied dental research on: ways of increasing the productivity of dental manpower; more efficient movable dental equipment; better ways of teaching dental personnel; the clinical durability of fillings; and economic and social factors related to dental disorders. In each of these areas, research grants will be used to complement the intramural program effort.

At the present time, applied research studies supported by grants include the design of a mathematical model for dental insurance plans; a spray application of a fluoride solution to the teeth to reduce tooth decay; evaluation of a cleft palate surgical closure technic; the effect of community fluoridation on dental practice; studies on dental amalgam and gold foil filling in patients' teeth; a method to improve dental health education in the public schools; studies of people's attitudes toward dental health and dental care; and the development of a new instrument to record chewing motions as an aid in diagnosis.

Research projects and programs are planned in the epidemiological and socio-psychological aspects of cleft lip and palate, attitude change with regard to dental care and preventive measures, improved methods of recruitment and selection of dental students and auxiliaries and other studies related to dental public health. The request for \$1,453,000 will provide for 43 projects including continuation of current projects and 17 new grants.

Fellowships

1967 estimate.....	\$50,000
1968 estimate.....	100,000
Increase or decrease.....	+50,000

This program, now in its second year, supports candidates preparing for research careers in dental public health. As in other manpower-deficient areas of bio-medical research, it has been proven successful to assist qualified, promising students to meet tuition and living expenses while they are receiving specialized education and practical experience. In such fields as epidemiology, dental educational research, medical sociology, and community dentistry there is unusual demand for workers having these skills to seek the establishment of training programs through grants to institutions. However, in areas where the demand is more limited, where individual interests and qualifications do not match on-going training programs in a particular field, the most suitable mechanism for providing support is the research fellowship. Where dental health workers have completed their formal training, but are in need of additional research experience, some additional funds will be used in the form of research career development awards.

During 1967, funds are assisting three promising students to pursue studies in advanced research in such fields as dental epidemiology, dental educational research, dental economics and applied clinical research.

The \$100,000 requested in 1968 will support three additional fellowships and one career development award for advanced postgraduate training of a selected student, for a total of seven awards in 1968.

Training grants

	1967 estimate	1968 estimate	Increase or decrease
Research training.....	\$200,000	\$300,000	+\$100,000
Dental auxiliary utilization.....	2,649,000	3,000,000	+351,000
Continuing education.....	100,000	200,000	+100,000
Total.....	2,949,000	3,500,000	+551,000

Research training

	1967 estimate		1968 estimate		Increase or decrease	
	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount
Noncompeting continuations.....	2	\$62,000	3	\$183,000	+1	+\$121,000
New grants.....	1	130,000	1	107,000	-----	-23,000
Supplementals.....	(1)	8,000	(1)	10,000	-----	+2,000
Total.....	3	200,000	4	300,000	+1	+100,000

The research training program of the Division enters its third year in 1968. There is a rapidly broadening interest in research in dental public health. Applied research activities made possible by the Division's extramural grant program have so increased the demand for research personnel that it can only be met through expansion of research training opportunities and a concerted effort to recruit talented people to the field.

In its first year of participation, the Division instituted research training programs in dental epidemiology and in dental education techniques. In 1967 and 1968 the program will be extended to include important training in research into the prevention and control of dental diseases and disorders, community dentistry, the behavioral sciences and public health administration.

The requested increase of \$100,000 will permit the establishment of one new program in 1968, bringing the total number of programs to four.

Dental auxiliary utilization

One of the most practical ways of increasing the productivity of dentists is to increase their use of chairside dental assistants. Data from evaluation studies of the program show that dental students are far more productive in school during their training period in the use of chairside assistants than they are without assistants. Further, studies of dentists formerly under the program and now in practice show similar increased productivity. In view of the rising demands upon dentists for more dental services, all future graduates of dental schools should be thoroughly trained in using assistants for maximum productivity of the dental force.

In 48 of the 49 dental schools in the United States, senior dental students now average 100 hours of clinical instruction using chairside assistants. In 32 schools, about half of the junior students receive some basic experience. So successful has this program been that the Council on Dental Education of the American Dental Association now lists training of dental students to use dental assistants as a requisite for accreditation of all dental schools. The advisory committee to the program, however, has assessed the training now available as too limited and has recommended longer periods of clinical training for senior students and more didactic and clinical training for lower grades. The increase will provide undergraduate dental students with more effective programs.

Continuing education

The obstacles faced by practicing dentists in keeping up-to-date on new scientific advances are many, and the solution to developing a sound continuing education system for all dentists will depend upon solving complex problems. In 1967, a start was made when two dental institutions received grants to extend their continuing education capabilities.

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What is needed most is a practical nationwide system of providing practicing dentists with lifelong learning. Whenever possible, such education should be provided in the dentist's home town and where feasible, in the office, hospital, or clinic where he works. One drawback is that one-half of the States have no dental schools, and even in those that do, many dental practitioners must travel great distances and lose much time from their practices to participate in the continuing education programs offered.

The increase of \$100,000 would support two additional grant programs, bringing the total to four in 1968, to improve teaching methodology and continue the development of appropriate systems of bringing continuing education to practicing dentists everywhere. In order to develop a comprehensive continuing education program which will have a statewide impact, each grant should average approximately \$50,000.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	249	\$2,608,000	273	\$2,858,000	+24	+\$250,000
Other expenses.....		1,665,400		1,872,400		+207,000
Total.....	249	4,273,400	273	4,730,400	+24	+457,000

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
General consultation and program support.....	45	\$720,400	45	\$719,300		-\$1,100
Regional offices.....	19	258,000	19	257,800		-200
Disease prevention and control.....	27	504,000	34	590,100	+7	+86,100
Dental care administration.....	14	230,000	14	229,600		-400
Manpower supply and utilization.....	71	1,227,000	76	1,322,500	+5	+95,500
Dental health center.....	63	1,130,000	70	1,322,200	+7	+192,200
Research and development in dental technology.....	10	204,000	15	288,900	+5	+84,900
Total.....	249	4,273,400	273	4,730,400	+24	+457,000

General consultation and program support

1967 estimate:	
Positions	45
Amount	\$720,400
1968 estimate:	
Positions	45
Amount	\$719,300
Increase or decrease:	
Positions	
Amount	-\$1,100

The goal of the Division is to provide the leadership and support for programs that will achieve and maintain optimal dental health for every person in the United States. Toward that end, the Division conducts and supports programs that develop the Nation's dental resources, improve dental manpower productivity, increase the development of applied research and the application of dental technics, prevent and control dental diseases, advance the organization, delivery and financing of dental services, and extend the training and continuing education of dental personnel.

There are seven operating branches, an applied research laboratory in San Francisco, and a manpower research facility at Louisville.

The Division also provides public information services, conducts research and research training grants programs, a career development program, and program planning and administrative activities—all of which are included in this activity.

The decrease of \$1,100 is due to one less day's pay in 1968.

Regional offices

1967 estimate:	
Positions -----	19
Amount -----	\$258, 000
1968 estimate:	
Positions -----	19
Amount -----	\$257, 800
Increase or decrease:	
Positions -----	-----
Amount -----	-\$200

The Division has a professional staff in each of the nine regional offices to provide assistance to state, local and other health agencies in developing various dental programs.

The regional office staff serves as field liaison for all Division grants programs and for implementing the dental aspects of the Health Professions Educational Assistance Act.

The regional staff, working closely with program personnel, is developing new methods of evaluating state and local dental programs. In addition, they provide guidance and assistance to the Community Action Program's Head Start projects at the regional and local levels, as provided for under an agreement between the Public Health Service and the Office of Economic Opportunity.

This activity will remain at the same level in 1968. The decrease of \$200 is due to one less day's pay in 1968.

Disease prevention and control

1967 estimate:	
Positions -----	27
Amount -----	\$504, 000
1968 estimate:	
Positions -----	34
Amount -----	\$590, 100
Increase or decrease:	
Positions -----	+7
Amount -----	+\$86, 100

The "National Dental Health Assembly, Emphasis: Fluoridation" has been one of the forceful stimulants in the increased adoption of fluoridation throughout the Nation. About 47 percent of all people served by community water supplies now drink fluoridated water. Of these 70 million people, more than 88 percent are served by communities which have scientifically adjusted the fluoride level. This does not include the fluoridation of the water supplies of Detroit, Michigan—passed by referenda in November but not yet implemented.

An increase of five positions and \$59,000 is requested to step-up the Division's support of state and local fluoridation efforts. Consultation, training, and workshop guidance will be provided to regions, states, communities and civic leaders. In addition, a major effort to disseminate educational material through all forms of national communications media is planned.

The second major activity of this program is the application of measures to prevent and control periodontal disease. Current developmental studies indicate that we can now effectively attack this problem. The requested increase of \$28,000 and two positions would permit testing control measures such as better home care and routine professional care by community based demonstrations in selected places.

The decrease of \$900 provides for one less day's pay in 1968.

Dental care administration

1967 estimate:	
Positions -----	14
Amount -----	\$230, 000
1968 estimate:	
Positions -----	14
Amount -----	\$229, 600
Increase or decrease:	
Positions -----	-----
Amount -----	-\$400

Prepaid dental insurance

Recent reports from the Division's dental insurance clearinghouse show that more than two million people in the United States are now covered by some type of dental insurance. The programs and benefits vary widely, but the trend in the numbers of plans and the number of people covered is unmistakable; 1966 showed an increase of 110 plans and 1,019,086 persons covered over 1965.

The Division has assisted in the orderly development of dental insurance plans over the past 15 years, and in large part, the basic information needed to develop and operate such plans has been provided by Division personnel and the clearinghouse. Yet in many sections of the Nation, dental insurance still is not available, and the Division plans to extend its technical services so that more modern methods of financing dental care can be made available to more people, and especially to more children. Additional studies on factors which affect cost of care and utilization of plans will be carried out.

State and local dental health services

The comprehensive inventory of state and local dental health programs is continuing, with the most recent product being the revised edition of the *Digest of State Dental Health Programs*. Currently underway are studies of dental care programs in hospitals. This will be followed by similar inventories of dental programs in schools, public assistance agencies, custodial institutions, nursing homes and voluntary agencies. The compendium of these inventories is designed to provide a comprehensive resource of information on state and local dental health services for use by the public health agencies and the health professions.

The decrease of \$400 is due to one less day's pay in 1968.

Manpower supply and utilization

1967 estimate:		
Positions -----		71
Amount -----		\$1, 227, 000
1968 estimate:		
Positions -----		76
Amount -----		\$1, 322, 500
Increase or decrease:		
Positions -----		+5
Amount -----		+\$95, 500

This activity serves as the focus for dental resources, manpower supply and utilization and the development of dental educational programs and facilities to meet national manpower needs. In cooperation with other programs of the Public Health Service, the Division administers the dental aspects of the Health Professions Educational Assistance Act.

Resources analysis

The Division conducts and supports studies to assess dental manpower and facilities and estimates future needs. Studies are now being conducted on the supply, distribution and effective use of dental assistants, hygienists and laboratory technicians. Special studies on the characteristics of dentists and their patterns of practice are being conducted in collaboration with the National Board of Dental Examiners. In cooperation with the American Association of Dental Schools, the Division plans to obtain annually and analyze data on dental school costs, staffing, enrollment, faculty composition, administration and other basic information related to dental manpower and education. The increase requested will support those studies and studies on regional needs for dental personnel, with particular attention to rural and low income areas, training needs and career patterns of auxiliary personnel and inventories of dental specialty groups.

An increase of three positions and \$50,000 is requested to support these activities.

Dental productivity study

Studies on ways to increase dental productivity have been underway since 1964 at the Dental Clinic Development Center in Louisville, Kentucky. This experimental program is designed to measure how dentists' time can be saved by delegating additional duties and responsibilities to chairside dental assistants. During 1965 and 1966, all clinical procedures usually performed by a dentist were identified and standardized. The amount of time it takes a dentist working with a

dental assistant to perform a clinical procedure was determined for baselines, and a quality assessment was devised to evaluate each procedure. During 1967, in Phase II the dental assistants who participated in Phase I will be trained to perform additional duties comparable to the baselines for quality established earlier. Upon completion of training, the performance of the dental assistants will be evaluated under controlled clinical conditions. The Division plans to increase the number of auxiliary personnel until each of the four teams is composed of one dentist and five dental assistants. This phase of the study will determine the additional functions that can be delegated to auxiliaries, as well as the effect of equipment and operator designs on dental productivity.

Additional funds (\$165,000) and 13 positions to support Phase II were received in 1967.

Development of dental auxiliaries

The Division staff includes expert consultants who provide guidance and assistance to schools and professional groups planning new training programs for dental assistants and dental hygienists. In addition, the Division supports eight experimental training programs designed to improve teaching methodology and curriculum content of dental assistants' training programs. Comparative studies of these experimental programs are yielding information that is being used by other dental assistants' schools throughout the country.

The Division will begin studies to determine the nature and extent of additional functions which can be delegated to dental hygienists, dental assistants and laboratory technicians. Such studies will include new evaluation methods and criteria related to such training.

Education research

In support of the national program to improve teaching methodology and strengthen dental school curricula in general, the Division conducts and supports studies in education research. Included in this activity are studies to improve the recruitment of well-qualified students to dental careers and teachers for dental schools. Various mechanical and electronic devices are being used to develop new teaching media and improved teaching methods for dental educators. In addition, studies are being carried out on the development of students' career interest, the process of professionalization during the dental school years, and subsequent career choices.

An increase of two positions and \$40,000 is requested for this program. With this increase the education research program will expand its activities through intramural and extramural projects in 1968 to include experimental studies in teaching media and methodology, curricular flexibility in dental education, and faculty recruitment and development.

An increase of \$32,000 for annualization of positions authorized in 1967 is partially offset by a decrease of \$26,500 for non-recurring equipment costs and one less day's pay in 1968.

Dental health center

1967 estimate :		
Positions -----		63
Amount -----	\$1,130,000	
1968 estimate :		
Positions -----		70
Amount -----	\$1,322,200	
Increase :		
Positions -----		+7
Amount -----	+\$192,200	

The Dental Health Center is a national laboratory for applied dental research focusing on the dental education process, communications, methodology, advanced training in dental public health, dental epidemiology and clinical technology. The applied research activities of the Center are operated in tandem with the communication of findings to the profession and to the public. The Center is concerned with training or supporting the training of educators in new educational methods. It develops and supplies educational materials and systems which carry its research findings of others to audiences where they may be utilized for improving the health of the Nation. The fundamental purpose of the Dental Health Center is to improve dental care and preventive services in the community. With the expansion of the physical facility scheduled for completion

in 1969, the Center soon can conduct its epidemiological and clinical studies and develop, test and demonstrate new and more effective educational methods in a facility specially designed for these purposes. The modest expansion envisioned for the Center's programs in the interim focuses attention on the dental health problems which are most critical in terms of prevalence or severity.

Continuing education

The present tempo of research, which is producing a constantly growing body of information of all facets of dental science and practice, underscores the need for life-long study and learning on the part of practicing dentists, dental administrators, and all dental auxiliaries. Satisfying the need for life-long learning is complicated by the dental manpower shortage which places greater demands on the practitioners' time. Thus, it is imperative that new and more efficient ways be found for getting new information to the dentists in their local environments.

Funds are requested to expand the continuing education program (1) study and test the effectiveness of teaching machine programs, television and videotape presentation, and other new education-communication techniques and devices in the delivery of educational programs and courses for dentists; (2) construct a basic series of programmed instruction courses for dentists and demonstrate their use; and (3) disseminate courses already developed and in various stages of preparation.

Dental caries

Approximately 45 million Americans live in areas not served by central water supplies and are thus deprived of the benefits of community fluoridation. The Division has been seeking alternative methods to protect the teeth of children living in these areas. Two of these methods show considerable promise. The first of these, the fluoridation of school water supplies, has been studied in pilot projects in rural areas of Pennsylvania, Kentucky and the Virgin Islands. The second consists of the self-administration of fluoride solutions under the supervision of dental auxiliaries or school teachers. Additional studies will be conducted to determine optimal amounts of fluorides for school fluoridation and the use of new fluoride agents and technics.

Cleft lip and palate

At least 6,000 babies are born in the United States each year with this birth defect. The Division is determining the number and distribution of multi-discipline diagnostic and treatment teams available to treat these defects. The infant death rate and cause of deaths among babies with facial clefts occurring in 28 States and two cities over a four-year period is being obtained as a followup of data obtained from the National Cleft Lip and Palate Intelligence Service (NIS).

A comprehensive study of 300 sets of twins, one or both of whom has a cleft of the lip or palate, who were identified through the NIS, is now getting underway. This study should provide a better insight into the relative importance of genetic and environmental factors associated with the occurrence of clefts. Epidemiological studies conducted at the Center have already provided much new and valuable information about these and other birth defects. However, much more research is needed to determine why and how these defects occur and what public health measures might prevent them. The social, psychological and economic impact of a cleft lip and palate defect on the individual, his family, and the community demands an immediate acceleration of the Center's research activities in order to hasten the development of programs for preventing these tragic birth defects and for ensuring the availability of treatment for those that do occur.

Periodontal disease

Epidemiological and supporting laboratory studies conducted by the Center have demonstrated a definite and consistent relationship between oral hygiene status and the health of the soft and hard tissues supporting the teeth. The potential effectiveness of proper oral hygiene in the prevention and control of periodontal disease is being demonstrated by a continuing study being conducted at Mountain View, California. Increases requested will permit the investigation of new methods of personal oral hygiene and ways of getting people to use them. Data from these studies are essential for the planning and development of a major national program for the prevention and control of periodontal disease which attacks virtually all adults in this country and is the major cause of tooth loss after age 35.

Malocclusion

Malocclusion results from the improper alignment or arrangement of the teeth and jaws. Degrees of malocclusion range from minor imperfections to major jutting or recession of the jaws and teeth. Extensive malocclusion is crippling and psychologically injurious. Only meager information is available on the prevalence and developmental history of these conditions. The Division will initiate a study in 1968 to determine the prevalence and severity of malocclusion in population groups and assess the potential public health use of selected control measures.

Additional funds (\$85,000) and five positions were received in 1967 to support on-going programs at the Center. In 1968, a requested increase of four positions and \$80,000 will permit acceleration of the Center's research activities in cleft lip and palate, malocclusion and periodontal disease. An increase of three positions and \$50,000 will permit the expansion of the continuing education activities.

The additional increase of \$68,000 provides for annualization of positions authorized in 1967. This is partially offset by a decrease of \$4,000 for non-recurring equipment costs and \$1,800 due to a one less day's pay in 1968.

Research and development in dental technology

1967 estimate:	
Positions -----	10
Amount -----	\$204, 000
1968 estimate:	
Positions -----	15
Amount -----	\$288, 900
Increase:	
positions -----	+5
Amount -----	+\$84,900

The Division conducts applied clinical research aimed at evaluating and comparing new and conventional dental materials, dental procedures and dental devices which will lead to improved dental care for the public and reduce manpower requirements for delivery of high quality dental care. Although extensive laboratory testing and fundamental research are being conducted by research laboratories and manufacturers to establish basic information about the physical and chemical properties and the safety and durability of dental materials and devices, such research does not provide information about the characteristics and performance of dental materials as they are actually used in the clinical practice of dentistry and exposed to the rigorous stresses of chewing.

Long-range clinical studies of the actual performance of dental materials in the mouth are conducted to determine whether the laboratory properties which they exhibit are actually beneficial to the patient. Dental personnel in Public Health Service hospitals, Veterans' Administration hospitals, the Bureau of Prisons, the dental profession, and industry are cooperating in this program. The requested expansion in 1968 would permit cooperative efforts with State and local health departments, dental schools and other agencies which will provide a basis for comparison of the effects of various clinical techniques and procedures upon the service, performance and quality of the restorative materials being tested.

An increase of five positions and \$85,000 is requested in 1968, which is partially offset by a decrease of \$100 due to one less day's pay in 1968.

NURSING SERVICES AND RESOURCES

Introduction

The Division of Nursing is responsible for maintaining a continuing review of national needs for nursing services, in and out of hospital, including areas of special practice, and needs of nursing education for these services, and for the development and administration of programs to assure that these needs be met. The Division is the focal point in the Federal Government for nursing nationwide, and as such is the central source for information and direct assistance on manpower needs and resources; the recruitment, education, training and utilization of nursing personnel; the organization and delivery of nursing services; nursing research and the application of research findings.

The Division carries on consultation, studies and demonstrations, both in headquarters and field to improve nursing education, nursing practice, and the organization and delivery of nursing services. Functions also include analyses, re-

search, and the development of methods related to the availability, distribution, preparation and use of professional and non-professional nursing personnel. The Division provides assistance by means of direct consultation, technical assistance and administration of grants for construction of education facilities; for student assistance; for the improvement of education, (basic, graduate, continuing and specialty); for improvement of nursing service; and for research and research training.

In both direct assistance and planning and coordination, the Division works directly with the national and local nursing organizations, other professional organizations, educational institutions, Federal, regional, State and local health departments, agencies and institutions, (official and voluntary), concerned with providing nursing services and nursing education.

Research grants

	1967 estimate		1968 estimate		Increase or decrease	
	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount
Noncompeting continuations.....	28	\$1,151,000	44	\$1,661,000	+16	+\$510,000
New grants.....	23	866,000	23	900,000		+34,000
Supplementals.....	(4)	70,000	(5)	94,000	(+1)	+24,000
Total.....	51	2,087,000	67	2,655,000	+16	+568,000

In the research program, support for project grants and for research training compliment one another. The research projects investigate nursing education and nursing service, with focus on patient-centered care. Nurse investigators with depth of preparation in sociology and other disciplines are analyzing nursing problems and testing old assumptions of nursing practice. They are also investigating the dynamics of nursing as a career. Two of these projects with implications for the health manpower field are a longitudinal study of groups of high school students to determine why some attain career objectives in nursing and others do not, and a study of factors which influence the decision to reactivate a nursing career. Results from studies like these will help to improve recruitment, counseling, retention and prediction of future employment patterns.

As medical care of patients becomes increasingly scientific, systematic analysis must be made of the effect of nursing practice on the patient's progress toward recovery and health maintenance. Answers are needed to the related problems of nursing service administration, nursing education and recruitment. Nursing research projects are providing some of the answers. However, additional support is necessary to sustain the balanced development of quality projects and research personnel, and to permit an increase in projects which will insure higher quality of nursing care in the future.

The \$568,000 increase requested for 1968 would support 16 additional research grants, for a total of 67 grants.

Fellowships:

1967 estimate.....	\$462,000
1968 estimate.....	520,000
Increase	+58,000

The Special Fellowships in Nursing Research provide support to nurses for research training at the pre- and post-doctoral levels. This program is an essential adjunct to the research grant program as it prepares nurses to carry on the much needed research for fuller understanding and improvement of nursing care. There is a growing demand for nurse researchers to direct projects, to work as part of medical research teams, and to direct community health research. Approximately 9 additional fellowships will be supported with the requested increase of \$58,000 making a total of 94 to be supported in 1968.

Nurse traineeships:

1967 estimate.....	\$10,000,000
1968 estimate.....	10,000,000
Increase.....	

A total of \$10,000,000 is requested for 1968 to carry on the program for advanced training of professional nurses for teaching, supervision, and administration, and clinical specialties. Nurses prepared for these leadership positions remain in critically short supply. It is estimated that an additional 150,000 nurses with baccalaureate preparation and an additional 87,000 with preparation at higher levels will be needed to meet the 1970 goals set by the Surgeon General's Consultant Group on Nursing.

Although the Professional Nurse Traineeship Program has increased the number of nurses prepared for positions as teachers, administrators, and supervisors, the demand for these specialists continues to grow. The need is critical in view of the initiation of new programs in nursing, the expansion of existing programs and the increasing complexity of clinical practice requiring more highly skilled nurse practitioners.

Lengthening of programs and rising costs of both tuition and stipends will permit support of an estimated 1,900 long-term trainees in 1968 compared to 2,000 in 1967.

The short-term courses continue to be successful and are in great demand. Since 1960, they have provided training for nurses who are not able to undertake full-time study to learn management skills and to update their clinical practice. Experience with the new techniques and curricula possible under short-term traineeships is being reflected in the number and quality of applications. As a result more imaginative and timely courses are offered.

Research training grants

	1967 estimate		1968 estimate		Change	
	Number	Amount	Number	Amount	Number	Amount
Noncompeting continuations.....	4	\$532,000	5	\$580,000	+1	+\$48,000
New grants.....	1	48,000	-----	-----	-1	-48,000
Total.....	5	580,000	5	580,000	-----	-----

A limited number of nurses are receiving preparation in depth in the basic sciences through the nurse scientist training grants now supported in 22 departments in 5 universities. More nurses must be prepared if developments in fields such as anthropology, physiology, microbiology, and sociology are to be used in studies to improve nursing care. These grants provide for expansion of doctoral programs in university basic science departments and provide training stipends to nurses studying in the biological, physical or behavioral sciences.

Projects for improvement of nurse training :

1967 estimate	\$4,000,000
1968 estimate	4,000,000

Increase.....

This provision of the Nurse Training Act is demonstrating that it has the great potential that was anticipated for improving the quality of nursing education in the shortest time. The projects now underway are making it possible for schools to expand the content of the programs of nursing education, to make the best use of master teachers, and to improve the quality of teaching in clinical settings where the welfare of patients is involved. Some of these projects are coordinating and improving the teaching of medical and surgical nursing; others are extending the experience of students in community nursing. One school is concentrating on student experience with geriatric patients, and many are using new audio-visual techniques and equipment.

Several schools have submitted a combined application in behalf of a number of other programs. As a result large numbers of students are affected by the project and the project is strengthened through joint efforts. One such project affects 17 schools whose combined enrollment is 2,500 students; another affects 12 schools with a total enrollment of 1,500 students. Teaching materials produced by these two projects and by others will be available for other nursing programs seeking to enrich their curricula in public health nursing, psychiatric and geriatric nursing. The success of these group projects is setting an example cer-

tain to be emulated. This is also a means by which non-accredited programs can benefit from this legislation by joining forces with programs of established quality.

The number and variety of applications submitted during the first two years of this program by collegiate, associate degree and diploma schools of nursing has shown the marked interest and need for this type of support. The program is gaining momentum as schools understand the possibilities for participating in this provision of the Act and as they have had more time in which to develop sound project applications. The demand for these grants will increase at an accelerated pace as more schools of nursing become accredited or receive reasonable assurance of accreditation and are thus eligible to apply.

Because of increasing specialization and complexity of modern medical care new ways have to be found to train nursing students in shorter periods of time and to train a larger number of students with the same short supply of qualified teachers. Many of these new projects will be more costly since they require the use of expensive communications equipment for a large number of students. These systems conserve the time required for teaching students and make the most effective use of the short supply of well qualified teachers. The \$4,000,000 requested for 1968 is the full amount authorized in the Act and is the same level as 1967. It will support approximately 90 projects.

Opportunity grants:

1967 estimate-----	\$750, 000
1968 estimate-----	5, 000, 000
Increase -----	+4, 250, 000

The high cost of nursing education constitutes a major deterrent to young people who would otherwise plan for a career in professional nursing. Most of today's nursing students come from lower income families. One-third of all nursing students are from families which have less than \$5,000 annual income. These students require financial help to pursue their professional education.

In order to attract an adequate number of people into the nursing profession, the number of qualified applicants for admission to our schools of nursing must be markedly increased. Based on a Division of Nursing Study, we estimate that one-third to one-half of all qualified applicants to schools of nursing will require financial assistance from sources outside their families.

In November 1966, the Congress authorized opportunity grants to be provided to schools of nursing, to support nursing education for qualified and financially needy high school graduates. This assistance supplements the nursing student loan program and is designed to increase the number of nurses by making nursing education possible for young people who could not otherwise afford to pursue a nursing career.

A full-time nursing student in need of financial assistance is eligible for a grant of \$800 or one-half of the amount of other student financial aid he is receiving whichever is the lesser; a student finishing in the upper half of his class is eligible for an additional \$200.

The \$4,250,000 requested increase will provide for an estimated 6,750 educational opportunity grants to students who otherwise might not be able to attend nursing school.

Payments to diploma schools of nursing:

1967 estimate-----	\$5, 000, 000
1968 estimate-----	3, 000, 000
Decrease -----	-2, 000, 000

The Nurse Training Act of 1964 authorized formula payments to accredited diploma schools of nursing to defray a portion of the cost of training students. Schools report they are using these payments to add faculty, increase faculty salaries, increase library holdings and purchase new educational aids and equipment. Payments to accredited diploma schools of nursing are made according to the formula in the Nurse Training Act based upon the increase in enrollment and the number of students with Federal nursing loans.

The number of schools participating in the provisions of this Act increased from 190 in 1965 to 338 in 1966.

Indications are that the \$5,000,000 available in 1967 will not be fully utilized. On this basis, a reduction of funds is reflected in 1968.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	173	\$1,679,000	183	\$1,887,000	+10	+\$208,000
Other expenses		463,800		895,800		+432,000
Total	173	2,142,800	183	2,782,800	+10	+640,000

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Direct operations:						
Administration of grants	15	\$155,000	15	\$188,000		+\$33,000
General consultation and program support	59	629,000	64	698,000	+5	+69,000
Organization and delivery of nursing services	28	345,000	28	371,000		+26,000
Nursing practices	11	141,000	11	148,000		+7,000
Nursing education and training	30	546,800	30	546,800		
Manpower resources	23	154,000	28	555,000	+5	+401,000
Communication of nursing health knowledge	7	172,000	7	176,000		+4,000
Recruitment contracts				100,000		+100,000
Total	173	2,142,800	183	2,782,800	+10	+640,000

	1967 estimate		1968 estimate		Increase	
	Positions	Amount	Positions	Amount	Positions	Amount
Administration of grants	15	\$155,000	15	\$188,000		+\$33,000

The Division of Nursing administers the following grant programs—project grants for nursing research, fellowships, research training grants, professional nurse traineeships, nursing school improvement grants, construction of nursing education facilities, payments to diploma schools and nursing educational opportunity grants. In addition to the professional consultation, these grant programs require professional and technical review of applications, site visits, and support of the National Advisory Council on Nurse Training and its review panels, and the Nurse Scientist Graduate Training Committee, as well as the statistical and fiscal activities involved in efficient grants management.

An increase of \$33,000 is requested for annualization of positions authorized in 1967.

	1967 estimate		1968 estimate		Increase	
	Positions	Amount	Positions	Amount	Positions	Amount
General consultation and program support	59	\$629,000	64	\$698,000	+5	+\$69,000

Development of all phases of nursing throughout the Nation through consultative services and technical help to regional, State and community programs is a keystone of the program of the Division of Nursing. The regional nursing consultants, familiar with problems and needs of the area, serve as a link between the Division's headquarters specialists and the nursing education, service,

research, and planning bodies in their respective regions. Demands of institutions and communities for nursing consultation have grown to such proportion it is imperative that the Division of Nursing enlarge and strengthen its institutional and community nursing consultation services. In 1966 institutional nursing consultants were assigned to three regional offices. In 1967 additional nursing service experts were assigned to provide this intensive assistance to individual hospitals and other care institutions.

Analysis of 1966 study data on the availability of services for nursing care of the sick at home in relation to the location and preparation of nursing personnel is showing where consultation efforts must be directed to help with the establishment of new programs and the application of administrative practices to extend these services. Six regional workshops sponsored in 1965 and 1966 for local hospital nursing consultants, provided a much needed forum for the discussion of problems and guidelines according to the participants. Demands for health care make it imperative to extend nursing skills and effectively utilize nurse manpower.

Planning is the key to wise use of Federal funds for recruitment, training, and construction of facilities in which to prepare health manpower. We are continuing to provide assistance to individual States to conduct surveys and appraisals of nursing needs and resources. Methods developed for estimating and projecting national nursing manpower statistics for the Surgeon General's Consultant Group on Nursing were adapted and refined for application to State and regional planning. If hospitals and health agencies are to realize their full potential in the delivery of health care, additional consultants will be needed to effect changes in organizational and administrative practices and in methods of utilization of personnel.

The increase of \$57,000 and 5 positions requested for 1968 will enable the Division to strengthen its efforts to support and encourage comprehensive State and area planning for facilities, personnel and programs.

An increase of \$12,000 is requested for annualization of positions authorized in 1967.

	1967 estimate		1968 estimate		Increase	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Organization and delivery of nursing services.....	28	\$345,000	28	\$371,000	-----	+\$26,000

Health legislation passed by the 88th and 89th Congresses greatly increased the already heavy demands for nursing services. The anticipated number of elderly patients being treated under these programs will be accommodated as inpatients in hospitals only during acute episodes of their illnesses. The chronic diseases such as cancer, stroke, and other disease conditions will require extended periods of nursing care in long term facilities and in the patients own homes. If the benefits of optimal health care are to be realized, patients cannot be allowed to regress at home or in extended care facilities because of the lack of skilled nursing care.

Sound nursing leadership must be provided in determining and maintaining optimal ratios of nursing personnel to patients, of professional to non-professional personnel in various kinds of settings and in the various methods of effectively organizing nursing services in and out of hospitals. Arriving at these determinations requires access to clinical settings in which ideas can be measured and modified and in "live situations" for testing and teaching. Institutions and agencies look to the Division of Nursing for this kind of leadership.

In 1966, replication of a study of staffing needs in nursing homes was made possible through the Division's program; and in 1967 the method of studying nursing activities in a hospital developed by Division staff was adapted for use in the nursing home setting. In 1968, results and experience from these studies will be applied to assist nursing homes throughout the country with staffing patterns required to provide adequate care for their increasing patient load.

An increase of \$26,000 is requested for annualization of positions authorized in 1967.

	1967 estimate		1968 estimate		Increase	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Nursing practices.....	11	\$141,000	11	\$148,000	-----	+\$7,000

Studies done by the Division of Nursing show that refresher courses are a significant force in encouraging inactive nurses to return to the labor force. In 1966 and 1967, the Division worked intensively with institutions and agencies in developing curricula and evaluation methods which could be used for refresher courses nationwide.

As important as increasing numbers of nurses is the need for more effective practice by those who are already employed. This requires taking a fresh look at the nursing requirements of patients in order to determine the best use of nursing expertise. For example, one study conducted by the Division revealed that patients needed more understanding of their disease and of their care requirements and that there was a dearth of appropriate educational material. As a result, teaching guides for use by nurses were developed for class and individual use in hospitals and health agencies. In addition, the potential of closed-circuit television and monitoring devices must be explored in terms of extending professional skills without impersonalizing nursing care. In view of the chronically acute shortage of nurse manpower, it is imperative that programs for continuing education for all nurses be accelerated.

The Division is carrying on programs of research, consultation, and technical assistance to improve the effectiveness of the nurse in the care of patients. The method developed by the Division for documenting the needs and reporting the progress of patients under public health nursing care is now being used in more than 40 agencies in a dozen States, and is currently being tested to find what modifications might be incorporated into it for institutional use. It is also being used for instruction of students in public health nursing in a number of collegiate schools of nursing. By means of consultation, technical assistance, and short-term training courses, continuity of care is being promoted for patients in and out of hospitals and between the home and hospital. Division-sponsored research projects are studying various factors affecting patient care including testing the effect of increased nursing hours on character of care and patient recovery; and are developing criteria for selection of public health nursing field centers. Other projects are assessing the application of automation to nursing services and education. The Division's Nursing Research Field Center is developing and improving methods of patient teaching by nurses, particularly in clinics and outpatient departments where nurses give patients the information about their condition, and explain the treatments and medications which they will need when they are at home and on their own.

Institutions and agencies look to the Division for leadership in improving nursing practice. The Division is in a unique position to conduct studies testing such factors as the effect of increased nursing hours on patient recovery and on the assignment of staff in terms of objectively assessed nursing requirements. It must also investigate and demonstrate the use of management tools such as the "nursing diagnosis" (a care plan based on classification of patients according to degree of dependency and amount of nursing care needed) and the "nursing audit" (a measure of the extent to which the patients' needs were met) both of which are fundamental to improvement of nursing care in all settings.

An increase of \$7,000 is requested for annualization of 1967 increases.

	1967 estimate		1968 estimate		Increase	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Nursing education and training.....	30	\$546,800	30	\$546,800	-----	-----

The goals of the Division in this area are: to improve the quality of nursing education to ensure that nursing personnel can meet the demands of modern technological development in the health sciences; to chart the course for a program of continuing education for the nursing profession; to identify the content

of nursing education programs which can be presented by new methods and techniques; to ensure the soundness of nursing education development by basic planning; to increase the supply of qualified applicants to all types of nursing programs. The provisions of the Nurse Training Act of 1964 are the principal means of accomplishment of these goals. The progress and improvement to date made possible by this legislation are impressive, particularly the imaginative ways in which nursing schools are using the funds to strengthen and expand their programs and improve nursing education nationwide.

Evaluation of the Nurse Training Act of 1964 is required under terms of the law. The Division is developing data, evaluative criteria and indices, in order to assess the extent to which the Nurse Training Act of 1964 is meeting its objectives. Recommendations of the Statutory Program Review Committee will profoundly affect the direction of nursing education for nursing services.

	1967 estimate		1968 estimate		Increase	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Manpower resources	23	\$154,000	28	\$555,000	+5	+\$401,000

Nursing is a complex subject for manpower analysis because of the sheer numbers involved, the three types of educational programs preparing nurses, the variety of institutions and agencies in which nurses are employed, and the mobility patterns of a predominately female professional group. Through its manpower activities, the Division maintains a perspective on nursing nationwide—the adequacy, quality, distribution, training and utilization of personnel. Studies and surveys conducted by the Division provide the facts and figures which are the basis of this continuing overview as a basis for future projections.

One sizeable group about whom little is known is the estimated 500,000 nursing personnel (nurses' aides, nursing assistants, orderlies, attendants, home health aides, etc.) working with professional and practical nurses. In some settings these individuals give a substantial proportion of direct care to patients yet the extent of their training and their supervision is known to vary widely. It is imperative that information about this amorphous group be collected and analyzed in order to develop guidelines for their training and utilization. This information will also supplement the Division's ongoing inventories of professional and practical nurses and provide information to assist the profession in its examination of education preparation for nurse practitioners and assistants to nurses.

Inextricably related to nursing manpower considerations are the factors of low salary scales and poor working conditions. As a part of its manpower responsibility, the Division must develop information about the economic factors which influence recruitment, employment, retention and reentry into the profession after periods of inactivity.

Nursing manpower is a national resource and nursing is the key component of all types of health care programs. Needs for nursing personnel and facilities to educate nurses vary widely from one section of the country to the other; therefore, it is imperative that resources be identified at local, State, and regional levels. The Division is developing tools for the assessment of nursing needs and resources and is furnishing consultation to groups engaged in this kind of planning.

The requested increase of 5 positions and \$401,000, including contracts, will provide for new and expanded studies and the development of new and improved techniques for determining and projecting manpower requirements.

	1967 estimate		1968 estimate		Increase	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Communication of nursing health knowledge.	7	\$172,000	7	\$176,000	-----	+\$4,000

The consultation and technical services of the Division are vastly extended through the publication of self study methodologies, reports of intra and extramural projects, studies, proceedings of conferences, and other materials of vital significance to the profession. This service is staffed by a small group of experts skilled in modern communication techniques and methods such as the use of teaching machines, closed-circuit television, and other newer educational tools. Their assistance is available to Division staff as well as to the directors of extramural projects.

One example of a new educational tool is the "project recording" which provides the raw material from which a variety of communications tools can later be constructed. This method uses camera and tape recorder to get the "living" story of significant projects while they are in progress, and opens the way for preparation of closed-circuit television shows, how-to-do-it films, programs for teaching machines, slides and charts to illustrate lectures, exhibits, filmstrips and many other audio-visual aids, augmenting the more conventional output through journals, monographs and books.

In 1967, the Division sponsored the preparation of film cartridges for use in training nurses in the principles of electro-cardiography. Plans include the development of a multi-media instructional system with films, teaching manuals and testing materials appropriate for each type of nursing education program, both basic and graduate, as well as for programs in the nursing specialties. These specialized materials will also be adapted to the needs of practicing nurses whose knowledge and skills must constantly be updated to keep abreast of the increasing complexities of medical practice.

An increase of \$4,000 is requested for annualization of 1967 increases.

	1967 estimate		1968 estimate		Increase	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Recruitment contracts.....				\$100, 000		+\$100, 000

Adequate and accurate information regarding nursing as a career is not reaching potential recruits in schools throughout the country. Guidance counselors and school officials are generally unaware of the opportunities for students in the nursing profession or of assistance that is available to them in various types of nursing programs and of federal funds which are available for this kind of support.

In November 1966, Congress authorized \$100,000 per year for contracts with State and local educational agencies and other public or non-profit organizations to aid recruitment in nursing by identifying qualified youths and encouraging them to undertake training in nursing and by publicizing existing forms of financial aid.

ALLIED HEALTH PROFESSIONS MANPOWER

Introduction

Of all the potential deterrents to the national goal of providing the delivery of the best in health care to the American people and the assurance of an environment free from significant threats to health, none is so great as an inability to provide the numbers of trained personnel to deliver the services which a greatly improved technology makes possible. The very technology which is adding to the effectiveness of health care greatly complicates the problem of manpower. The delivery of health services is now a team effort which requires the recruitment and training of a vast number and variety of professional and technical specialists to support the physician, operate hospitals, clinics and research laboratories, staff public health agencies, maintain environmental surveillance and control, etc. Exclusive of physicians, dentists, nurses and engineers, health personnel work in some eighty-five distinct occupational areas, and number nearly one million persons.

Training required for the various allied health occupations ranges from on-the-job training to baccalaureate, graduate and post-graduate study and varies in subject matter from podiatry to nuclear technology. A concentrated national effort is needed, not only to provide the numbers of auxiliary health workers

required now and in the future, but to assure that training is efficient, adequate, and able to keep pace with changing technology.

In 1967, the Public Health Service is initiating a program to meet these responsibilities through the establishment of the Division of Allied Health Manpower within the new Bureau of Health Manpower. This Division is responsible for a nationwide program of studies, demonstrations, and grants to increase the number, improve distribution, enhance training opportunities and develop new and improved training methods and techniques for the allied health occupations.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	46	\$371, 400	59	\$562, 400	+13	+\$191, 000
Other expenses.....		496, 000		542, 000		+46, 000
Total.....	46	867, 400	59	1, 104, 400	+13	+237, 000

Allied health manpower resources

There has been a rapid increase in the numbers of allied health workers. Between 1950 and 1960, for example, the number in the allied health professions increased by about 40 percent, from 220,000 to 300,000, while junior college and other technical and vocational graduates increased by more than 100 percent. During this same period, the total population of the United States increased by only 18 percent.

Current knowledge, however, of the numbers, distribution, utilization, and needs for personnel in the allied health occupations is incomplete and requires a coordinated effort to draw together what is now known and not known, what needs actually exist and what will be needed in the future.

Results of studies which are available, some of which were reported in the hearings on the Allied Health Professions Personnel Training Act of 1966, indicate that shortages in the allied health occupations are great. Studies in six of the allied health occupations—dental hygiene, medical record library science, medical technology, occupational therapy, physical therapy and X-ray technology—indicate needs that are more than double the supply. In medical technology, for example, the American Society of Clinical Pathology reported 32,000 active medical technologists registered with that organization, and a demand for 70,000 to 100,000 not including the number required in research, public health agencies, international projects and other facilities. Similarly, the American Occupational Therapy Association reported that in 1965 there were 15,600 unfilled positions for occupational therapists, and total current needs are estimated to be 50,000. There are currently approximately 7,200 active occupational therapists. Various state studies also show a great disparity in the geographic distribution of allied health workers.

Shortages such as these in the total allied health field cause inefficiency or complete lack of certain kinds of health services. They also intensify the heavy burden placed on the highly trained professional, particularly the physician, by requiring that he perform tasks which are more appropriately carried out by supporting personnel.

A current project which illustrates one method by which these shortages can be alleviated is being carried out under contract with the National Committee for Careers in Medical Technology. The purpose of this project is to develop guidelines and desirable content for the design and operation of a nationwide program to retrain and employ an estimated 5,000–10,000 medical technologists who are inactive but interested in returning to work now or in the future. Another current project is concerned with “medical assistants”—persons who provide the physician in his office with general assistance in laboratory work, patient care, records, and office procedures. The project is designed to find out what medical assistants are doing and can do efficiently, how they are trained,

and how many are now being trained. It will provide the kind of information that is required in order to determine the size and nature of the problem of technical work in physicians' offices and to discover potential solutions.

Our knowledge of health manpower supply and demand has been secured primarily from restricted crash studies dealing with only segments of the whole fabric of health occupations and lacking in coordination or provisions for continuity. New and coordinated studies as a part of a total and continued planning effort need to be initiated to draw together current knowledge of allied health manpower resources.

For example, much attention is being directed toward encouraging inactive health workers to return to work. In many allied health fields a substantial percentage of trained persons is unemployed but not permanently retired, as shown by "single-time" surveys. However, the rate at which persons leave and return to employment, the duration of their unemployment, and the reasons for it are not generally known. Without this information, obtainable only through continuous surveys of a sample of workers, it is impossible to calculate expected benefits from "back-to-work" programs or even design such programs to be efficient.

Long-range savings of time and money can result if we take advantage of the many opportunities to collect health manpower data with a minimum of effort and often in the course of other business rather than conduct special surveys only when the need is acute.

These and concurrent investigations must also be inter-related to better define the total problem and provide baseline information from which remedial programs can be undertaken.

Educational program development

Improvement in the allied health manpower situation requires more than increasing the numbers of persons in the field. The existing facilities, staffing and enrollment capacities of post secondary, baccalaureate, graduate and professional institutions are inadequate to prepare the additional numbers needed. Innovations are required in organization, staffing and curricula as well as development of new specialty areas in order to keep pace with advancing technology.

One example of an effort to increase efficiency and better utilize teaching staff is the establishment by nine institutions around the country of an organizational grouping of a number of health curricula in a college or school within a university medical center, combining teaching staff, administration, and providing an interaction between specialties which will later be working together. Under such a system, duplications in such areas as administration, faculty, and facilities can be kept to a minimum.

New contract and staff studies and demonstrations need to be undertaken to assess needs for new or modified programs, curricula, categories, facilities and teaching methodology. For example, a series of job analyses are needed in a number of health occupations to determine what function, duties, and responsibilities can be assigned from professionally-trained persons to semi-professional or technician-level personnel. Such actions maximize the professionals' skills, provide additional employment for lesser-trained people, and permit better health service for greater numbers of people. Studies should also be made of the potential of basic, core curricula in which specific courses and subject matter could serve as common background for a constellation of different-but-related health occupations. This possibility reduces the need for teachers, permits maximum use of plant and equipment, and allows students to switch occupational goals with a minimum loss of time, funds, and course credits.

Activities such as these must be accompanied by continuous consultation and cooperation with the institutions throughout the country in which such training is undertaken, as well as with the professional groups affected, and accrediting and licensing bodies and employers of allied health workers.

Program assistance

Three new grant programs have been authorized under the Allied Health Professions Personnel Training Act of 1966: Basic and special improvement grants to increase the output and the quality of training for allied health occupations; traineeships for allied health personnel to prepare them to serve as teachers in

supervisory, administrative positions or in fields requiring specialized training; and new methods grants designed for development, demonstration or evaluation of curricula for the training of new types of allied health personnel. These programs, coupled with the already existing Public Health Traineeships program, Grants to Schools of Public Health and Project Grants for Graduate Public Health Training, improve the potential range of support for programs to assist in overcoming the tremendous deficiencies with which the Nation is faced in providing trained manpower in the allied health and public health fields. Programming and professional supervision of these programs is the responsibility of the Division of Allied Health Manpower.

An important key to the success of a national manpower program in the allied health occupations lies in the ability of the Public Health Service to provide expert support, technical advice and program guidance to the educational institution, the trainee and the agencies that utilize manpower in these fields.

The Service must be able to provide effective programming, technical coordination, analysis, evaluation, and professional supervision of these grant programs. To meet the heavy demand that has been created, staff support is essential to give the representatives of universities, colleges, junior colleges and professional organizations the intensive consultation required in a new and dynamic program of this magnitude. The addition of the new allied health grant programs alone will increase by as many as 1,000 the number of institutions from which we can expect requests for consultation and technical advice in 1968.

Thirteen new positions and \$136,000 are requested in 1968 for expansion of these programs for allied health and public health manpower. This increase will be used to improve our capability to determine shortages and needs in allied health manpower, develop studies and demonstrations to improve educational techniques and curricula, provide for meetings of two National Councils to advise the programs and review grant applications, and for needed consultation and technical assistance to educational institutions, professional groups and employers of allied health and public health workers. A net increase of \$101,000 is also requested for built-in items.

HEALTH MANPOWER EDUCATIONAL SERVICES

Introduction

Initiation of new and expansion of existing health programs taxes the critically short supply of trained health manpower, both in quantity and quality. The programs of the Division of Health Manpower Educational Services are designed to alleviate these shortages through grant and loan support to institutions and students. Under a recent reorganization of the Public Health Service, the Division was established to provide the consultative, evaluative, informational, procedural and related services essential for support of public health manpower grant and loan programs.

Training grants

	1967 estimate	1968 estimate	Increase or decrease
Public health traineeships.....	\$8,000,000	\$8,000,000	-----
Grants to schools of public health.....	3,750,000	3,500,000	-\$250,000
Project grants for graduate public health training.....	5,000,000	4,500,000	-\$500,000
Educational improvement (health professions).....	30,000,000	57,500,000	+27,500,000
Allied health manpower:			
Allied health traineeships.....	750,000	1,500,000	+750,000
Educational improvement (allied health).....	2,785,000	9,750,000	+6,965,000
New methods.....	200,000	1,000,000	+800,000
Total, training grants.....	50,485,000	85,750,000	+35,265,000

Public health traineeships

The public health traineeship program is designed to improve the health of the American people by increasing the number of professional health personnel who are adequately trained in public health, and also to recruit new personnel into the field of public health.

In 1967, we estimate that more than 12,800 traineeships will be funded from the \$8,000,000 available for the program. This program will continue at the same level in 1968.

The traineeship program is divided into four major types of training, each of which is described below. The following table summarizes the programs for 1967:

	Estimated number of grants	Estimated number of institutions	Estimated number of people trained
Residencies.....	25	25	70
Apprenticeships.....	50	50	400
Short-term training.....	200	150	11,000
Long-term training.....	208	160	1,350

Residencies in preventive medicine, preventive dentistry, and other public health related areas (long-term)

This program is designed to alleviate the shortage of physicians and dentists needed to plan, conduct and participate effectively in community health programs and to teach in schools of public health and departments of preventive medicine and dentistry, and to serve as leaders in State and local public health settings. Since the inception of this program two years ago, the Public Health Service is supporting as many such residencies as were previously supported by all other sources.

In 1967, fifty-five physicians and fifteen dentists are being supported under these grants which are provided through twenty-five institutions throughout the United States. Thirty-five of these physicians are participating in residency programs in Preventive Medicine-Public Health offered by six State health departments, one medical school, and one city health department. The other twenty physicians are specializing in General Preventive Medicine (with sub-specialties such as Chronic Diseases, Maternal and Child Health, and Public Health Administration) in five programs, three offered by schools of public health and two by medical schools. The dentists are enrolled in seven different dental public health residency programs, five of which are offered by State health departments, one by a school of public health, and one by a local health department. The first sixteen residents will be completing their programs this year and entering key positions in health departments and academic institutions. This program has provided revitalization of existing programs, stimulated establishment of new programs, and provided individual planning in the field of public health.

Apprenticeship training for medical and other professional students (short-term)

This program provides medical and dental students with the opportunity to work in the field of public health for six to twelve week periods. This activity has two principal objectives: (a) to better prepare these students to understand the community in which they work, how to mobilize community resources, and to participate in public health programs as private practitioners; and (b) to influence the students to choose a career in public health.

Under preceptor-guidance and supervision of competent, full-time preventive public health personnel, medical and dental students receive an orientation to community health problems and to basic principles and concepts of public health practice. They participate in projects dealing with problems of concern to organized health programs. Examples of student projects include epidemiological investigations of communicable and chronic disease, evaluations of maternal and child health clinics, surveys of nursing homes and extended care facilities, and assessments of health services in rural areas.

Short-term public health training (including clinical training)

Training supported by this program enables professional health personnel to update their knowledge and skills relating to the public health programs in which they work, and decreases the time lag between the development and use of new knowledge and skills in improving the health of the people.

Professional health personnel are supported in a wide variety of continuing education programs needed to keep abreast of their rapidly expanding responsibilities in public health. These include seminars in the administration of comprehensive community health services, courses on medical care and nursing home administration, clinical training in new skills and techniques for the manage-

ment of chronically ill patients, workshops in epidemiology, courses on principles of prepaid dental care, and training in new and improved techniques in environmental sciences.

Long-term traineeship grants

These grants are designed to enable those individuals with basic professional training in a health discipline to obtain advanced or specialized public health training. Support is provided through long-term traineeship grants to institutions providing graduate or specialized training in public health, and through awards directly to individuals pursuing such training.

In 1967, more than 1,300 individuals will receive traineeships under the various long-term traineeship grants. These individuals will be trained in a broad spectrum of vital importance to complex public health programs, including public health administration, infectious and chronic disease epidemiology, public health nursing, environmental health engineering, gerontology, public health nutrition, biometry, and a variety of other disciplines.

Grants to schools of public health

The program of grants to schools of public health is designed, through direct financial assistance, to enable the thirteen schools of public health to continue to fulfill their roles as national training centers for public health personnel and to improve the quality of teaching programs. In 1967, the estimate for this program is \$3,750,000. The majority of the funds are used by the institutions for faculty and supporting staff in the wide range of teaching disciplines required in modern public health academic programs, including epidemiology, environmental health science, the social sciences, biostatistics, medical economics, and many others. \$3,500,000 is requested for this program in 1968.

Grants to schools of public health

School of public health	1966 actual	1967 estimate	1968 estimate
California (Berkeley).....	\$375,400	\$386,900	\$361,100
California (Los Angeles).....	222,700	280,100	261,500
Columbia.....	191,900	209,200	195,200
Harvard.....	242,100	257,600	240,500
Hawaii.....	94,400	102,700	95,800
Johns Hopkins.....	296,700	308,900	288,300
Michigan.....	483,200	526,600	491,500
Minnesota.....	389,100	387,900	362,000
North Carolina.....	404,100	439,900	410,600
Pittsburgh.....	235,300	250,200	233,500
Puerto Rico.....	202,200	197,700	184,500
Tulane.....	195,900	205,900	192,200
Yale.....	167,000	196,400	183,300
Total.....	3,500,000	3,750,000	3,500,000

Project grants for graduate public health training

This program is designed to strengthen and expand graduate or specialized training in public health offered by schools of public health as well as other public or non-profit private institutions including schools of medicine and dentistry. The grants assist these institutions to make changes in their curricula to meet the needs of evolving and ever-changing public health programs; to improve programs of basic training in public health administration; to develop and demonstrate improved public health training methods and procedures; and to enlarge faculties and supporting staff to provide for increased enrollments.

In 1966, 115 grants were awarded to 85 schools of public health, nursing, engineering, medicine, and dentistry. We will support about 145 projects in 1967 and 115 projects in 1968. Among the projects currently supported by this program is the introduction of public health sciences, including social sciences, into the curriculum of the UCLA School of Dentistry. Currently 53 of the projects are to medical and dental schools to develop and strengthen the teaching of epidemiology, biostatistics, public health and community medicine. This teaching is essential to the development of community-minded practitioners and professional schools. A grant awarded to Northwestern University will aid in the establishment of a new department of preventive medicine. Another project being

supported at the University of Kentucky Medical Center is designed to establish a field professor in the Kentucky mountains to supervise the field training of medical students in community health. The estimate for this program in 1968 is \$4,500,000.

Educational improvement grants (health professions)

An increase of \$27,500,000 over 1967 available funds of \$30,000,000 is requested for basic and special improvement grants in 1968 most of which will be used to make special improvement grants to medical schools. These grants will be made to schools of medicine, dentistry, osteopathy, optometry, and podiatry to improve the quality of such schools as authorized by Section 2(a) of the Health Professions Educational Assistance Amendment of 1965.

In 1968, as required by the Act, the statutory formula for basic improvement grants would first be met and the special improvement grants program would be initiated with the remaining funds.

Basic improvement: In 1968, about \$32,500,000 of the \$57,500,000 requested will be needed to make basic improvement grants averaging about \$190,000 each to approximately 172 schools of medicine, dentistry, osteopathy, optometry, and podiatry. The amount of the grant to each school will be determined by the prescribed formula: \$25,000 plus \$500 times the number of full time students.

In 1966, a total of 159 of the 163 eligible schools participated in the basic improvement grants program. These grants were made to schools of medicine (91), schools of dentistry (49), schools of optometry (9), schools of podiatry (5), and schools of osteopathy (5). (Because the amount appropriated represented only 70 percent of the amount required to make grants in accordance with the statutory formula, the grant to each school was reduced accordingly.) In 1967 and 1968, it is estimated that all eligible schools will receive basic improvement grants. The \$30,000,000 available for improvement grants in 1967 represents about 95 percent of the amount needed to satisfy the statutory formula for basic improvement grants for the 170 eligible schools. Of the funds requested in 1967, approximately 61% will support teaching staff, 11% for other staff for technical and clerical support, 16% for equipment, 8% for alterations and renovations and 4% for other expenses.

Basic improvement grant funds in 1968 will be used by recipient institutions to alleviate the most critical weaknesses in their educational programs. Specifically, the funds will support additional teachers, provide badly needed teaching and scientific equipment and permit minor alterations of space. The following table gives numbers of schools participating and funds requested by discipline.

Health professions basic educational improvement grants

[To nearest thousand]

Type of school	1966 actual		1967 estimate		1968 estimate	
	Num-ber	Amount	Num-ber	Amount	Num-ber	Amount
Medicine.....	91	\$6,566,000	98	\$18,774,000	100	\$20,293,000
Dentistry.....	49	2,975,000	52	8,439,000	52	9,187,000
Optometry.....	9	398,000	10	1,241,000	10	1,413,000
Osteopathy.....	5	356,000	5	982,000	5	1,052,000
Podiatry.....	5	187,000	5	564,000	5	637,000
Total.....	159	10,482,000	170	30,000,000	172	32,582,000

Special improvement: It is estimated that about \$25,000,000 of the increase in 1968 will be used to make special improvement grants to schools of medicine, dentistry, osteopathy, podiatry, and optometry. Special improvement grants will be made only to those schools whose applications are recommended by the National Advisory Council on Medical, Dental, Optometric, and Podiatric Education. Schools which receive these grants will be assisted in strengthening additional areas of weakness and improving their instructional programs in ways which cannot be achieved from the basic improvement grant or from other resources. The additional support given to the poorer schools will permit them to raise their educational standards toward those of the Nation's outstanding

institutions. It is expected that the major portion of funds available for special improvement grants will be awarded to schools of medicine.

A number of financially weaker schools, because of their critical need for funds may have jeopardized their accreditation status by accepting the additional students required to participate in the basic improvement grant program. Many others have serious weaknesses in their educational programs, such as high student-teacher ratios, lack of technical staff and inadequate scientific equipment. It is imperative that such situations be corrected. Other schools need to be enabled to experiment with innovations in professional health education to find ways to improve the training of physicians and other health professionals. For example, programmed instruction in the basic sciences might be broadened.

The objectives of the authorizing legislation are to improve the availability and quality of medical care. Both basic and special improvement grant funds are needed in the full amount requested if health professional schools are to provide significantly improved training to an increased number of students.

Grants for training of allied health professions personnel

The Allied Health Professions Personnel Training Act of 1966 authorized a new program of grant support for the education of a wide range of professional and technical personnel in the allied health occupations. The purpose of this program is to initiate a national effort to meet growing and increasingly urgent needs for a vast number of trained personnel in a variety of professional and technical specialties to support the physician, operate hospitals, clinics and research laboratories, staff health agencies and maintain environmental surveillance and control.

Included in this program, in addition to construction of teaching facilities which is budgeted elsewhere, are three basic components:

1. Traineeships to encourage and assist individuals to undertake advanced training in allied health fields to prepare them for teaching, supervisory, administrative, and other specialized duties;
2. Basic educational improvement grants to improve the quality of training centers, and special improvement grants to contribute toward provision, maintenance or improvement of specialized functions of training centers;
3. Project grants to develop, demonstrate, or evaluate new methods and new curricula for the allied health occupations.

1. Traineeships for advanced training of allied health professions personnel

The Allied Health Professions Personnel Training Act of 1966 authorizes traineeships for the basic training of specialized allied health professions personnel or training of such personnel to teach in the allied health occupations. These traineeships also provide for the training of personnel who serve in administrative or supervisory capacities in these fields or in specialties which require advanced training. The traineeships will be administered through grants to public or non-profit training centers for allied health occupations.

Basic to a national effort to increase the numbers and improve the training opportunities for the allied health occupations is support for training of teachers, administrative and supervisory personnel, and highly trained specialists. The traineeships provided in this part are an essential element to provide incentive and impetus to such training; \$1,500,000 is requested for 1968. This is an increase of \$750,000 over the amount available for 1967. The funds requested will provide training for approximately 330 students.

2. Educational improvement grants for allied health professions

\$2,785,000 will be used in 1967 to provide basic educational improvement grants to junior colleges, colleges, and universities for the purpose of increasing the output and improving the quality of educational programs for allied health personnel through development of improved curriculum, expansion of training provided and support of additional faculty.

The basic improvement grant is based on a formula which provides a grant equal to \$5,000 for each of the specialized curricula in which training is provided, plus \$500 times the number of full-time students receiving training in such curricula. Since the program is just now getting underway, it is not now known how many institutions will qualify for support. However, 2,300 potentially eligible institutions have been provided with information, material and applications for the basic improvement entitlements.

Special improvement grants are also authorized under this program for use by institutions receiving basic improvement grants, to contribute toward provision, maintenance or improvement of specialized functions which the training center

provides. These grants would provide an impetus for increasing curricula within single institutions. A maximum grant of \$100,000 may be awarded to any single institution. Since special improvement grants are made from funds remaining after the allocation of basic entitlements, it is not expected that any such awards will be possible in 1967 and 1968.

Our current expectations are that we will receive approximately 350-500 applications for basic improvement grants in 1967. The amount authorized will fund approximately 185 grants at \$15,000. Since many institutions have more than one of the eligible curriculums, the average application under this grant is expected to be substantially more than the \$15,000 minimum entitlement.

\$9,750,000 is requested for 1968. This increase would make it possible to support a minimum grant of \$15,000 for 650 institutions. Since we estimate that more than 1,000 institutions will apply for the basic improvement grant in 1968, no support for special improvement grants is expected.

3. Grants for the development of new methods

Advancing technology in the health field requires that a continuing effort be undertaken to assure that there is development of curricula to meet the changing need for health occupations. Projects will be undertaken to develop, demonstrate and evaluate curricula for the training of new types of health personnel that will provide expert assistance to solutions of health problems faced by the Nation. The organization and technology of health care will continue in its rapid change. Specifically, trained bioengineering technologists will make possible both development and use of radically new diagnostic and therapeutic equipment. Other examples of the kinds of health technologists needed to work with physicians in and out of hospital settings are specially trained nurse-midwives, food service supervisors, pediatrics assistants, clinical chemists, etc. Before this kind of manpower can be developed, utilization and training requirements must be explored which includes the establishment of curricula acceptable to training centers. \$1,000,000 is requested for this purpose in 1968. The increase of \$800,000 will provide support for approximately 20 new projects in this area.

Student loans

	1967 estimate	1968 estimate	Increase or decrease
Health professions.....	\$25,325,000	\$15,000,000	-\$10,325,000
Nursing.....	16,900,000	16,000,000	-900,000
Proposed supplemental (for establishment of revolving funds):			
Health professions.....	10,000,000	-----	-10,000,000
Nursing.....	2,000,000	-----	-2,000,000
Total.....	54,225,000	31,000,000	-23,225,000

The Health Professions Educational Assistance Act of 1963 and the Nurse Training Act of 1964 authorized the establishment of two separate loan programs. These student loan programs were authorized in order to help provide an adequate supply of health manpower and to assure that the needed supply of health profession and nursing manpower was drawn from the most capable individuals regardless of their economic status. Under both programs, loans are made to students, with the Federal government providing 90 percent of the necessary funds and the health professions, including nursing schools providing the remaining 10 percent.

The Allied Health Professions Personnel Training Act of 1966 extended the student loan programs by establishing separate student loan revolving funds for health professions education and nurse training. In addition to the program of direct federal capital support, the Act authorizes the Federal government to make loans from the revolving funds to schools of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, veterinary medicine, and nursing for loans to students and authorized appropriations for the establishment of these revolving funds in 1967 totaling \$12,000,000, of which \$10,000,000 is for health professions and \$2,000,000 for nursing. Student loan funds otherwise appropriated can also be placed in the revolving funds. Funds loaned from the revolving funds would be recovered through sale of participation certificates in the promissory notes of the schools by the Federal National Mortgage Association to private sources and would be redeposited in the revolving funds.

The 1968 request of \$31,000,000, when combined with funds anticipated to be available from the revolving funds should provide support in 1968 to enable loans to be made to approximately 41,000 students as follows: 21,000 students under the health professions student loan program and 20,000 under the nursing student loan program. This is an increase of about 3,000 students over those covered in 1967.

A contractual study by the Office of the Secretary will soon be made of all the Department's student loan programs. The study will determine the best methods of minimizing direct Federal loans and maximizing the use of private loan sources assisted by Federal credit such as guarantees and subsidized interest rates. Cost to the student will be maintained at a low level and access to loan assistance will not be impaired by the new method of financing to be developed. The study will also examine problems related to the Federal, State, and local administration of student loan programs such as collection procedures, operational simplicity, and interrelationships with other forms of student financial aid.

Scholarship grants:

1967 estimate	\$4,030,000
1968 estimate	8,200,000
Increase or decrease	+4,170,000

An increase of \$4,170,000 is requested to provide scholarship grants to students at schools of medicine, dentistry, osteopathy, podiatry, pharmacy, and optometry. These funds will support approximately 4,000 students—2,000 new first year students and continued support to approximately 2,000 students entering their second academic year.

The amount of each annual scholarship is determined by the school, but may not exceed \$2,500 for any year. Awards are made to students from low-income families who in the judgment of the school are unable to pursue the course of study without this financial assistance. In 1967, grants were made to 227 schools for providing scholarships to students. Four additional schools, 1 school of medicine and 3 schools of pharmacy, were eligible but did not apply. It is estimated that scholarships were awarded by the schools to over 2,000 students at 88 schools of medicine, 49 schools of dentistry, 10 schools of optometry, 5 schools of osteopathy, 70 schools of pharmacy, and 5 schools of podiatry.

This program serves purposes which cannot be achieved through student loans and has become a valuable supplement to that important program. Student loans are of inestimable value to students who have some, although limited, resources to enter the health professions. Student loans, however, which must be repaid with interest, do not and cannot be expected to attract students from lower-income groups to enter these long, arduous and expensive programs of study when non-repayable support is readily available for other educational pursuits through private scholarships and public support as in the fields of engineering and teaching.

The funds requested for the scholarship program will increase the quality and quantity of medical care available to the people by enabling talented needy students who could not otherwise do so to pursue careers in the health professions listed above, and by enabling the schools which train these health professionals to begin to compete with other non-health types of schools for outstanding students.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits	79	\$642,000	81	\$770,400	+2	+\$128,400
Other expenses		292,000		332,000		+40,000
Total	79	934,000	81	1,102,400	+2	+168,400

Grants and loan administration and services

The need for effective program operations in the Bureau of Health Manpower resulted in the designing of a common educational grant services system in the

Division of Health Manpower Educational Services. This arrangement of organizational units was planned to result in rapid services to assist health manpower educational institutions. At the same time competent stewardship of federal funds had to be maintained. To this end the following functions have been undertaken:

1. The compilation of information by a national clearinghouse on the content and availability of health manpower education and training programs and the availability of fiscal aid to students in such programs. The data derived from this program provide the baseline for planning and measuring improvements and expansion in both technical and professional health education in America.

2. The effective administration of student loan and scholarship funds and assisting health educational institutions in the receipt and management of these funds. The funds are most effective when awarded under standard policies and procedures in accordance with each grant program. This holds for all grant and loan programs in health manpower.

3. The central administration of procedural and management aspects of health manpower grants from receipt of applications to award of grant and from assistance in preparing proposals to their termination. This enables every applicant to consult with the appropriate program operation and each application to be considered by the appropriate professional program and review committee or council of the Bureau and to seek guidance and assistance in overall health manpower grants management from a single point.

4. The coordinative planning, development, promulgation and interpretation of grants management policies and procedures relating to the Bureau's health manpower programs. This enables academic institutions and training centers to apply for vitally needed assistance with the assurance of rapid and consistent review. Also the administration of funds by health educational organizations can be better coordinated consistent with rules and regulations.

5. The provision of fiscal services to insure the proper use of public monies.

In 1968, these expanding programs will require an increase of services, particularly in the student loan program. For example, in 1967, there were a total of 810 schools participating in the health professions and nursing student loan programs. This was an increase of 106 new schools above the 1966 level of participation. This additional volume was handled with no increase in the number of authorized positions. In 1968, we estimate 925 schools will participate in the programs, for an increase of 221 over 1966. With continuing growth of the loan programs there is need for additional personnel to consult with and discuss the programs with the schools as well as provide for more detailed program analysis.

An increase of 2 positions and \$37,000 is requested to meet increased workload resulting from the rapid expansion of the Health Professions and Nursing Student Loan Programs. The remaining \$131,400 requested is required to meet mandatory increases for new positions authorized in 1967.

PROGRAM DIRECTION AND MANAGEMENT SERVICES

Introduction

The office of the Director of the newly established Bureau of Health Manpower is charged with furnishing leadership and overall direction to the various programs of the Bureau concerned with the education and utilization of health manpower; providing a coordinating point with other bureaus in the Public Health Service and nationally with State and local governments; and providing necessary management services to insure the efficient operation of these Bureau programs. It also provides for operational consistency throughout the divisions of the Bureau in the quest of maximum operational efficiency.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	89	\$1,012,000	89	\$1,012,000	-----	-----
Other expenses.....	-----	242,000	-----	242,000	-----	-----
Total.....	89	1,254,000	89	1,254,000	-----	-----

Office of program planning and evaluation

As health manpower requirements change in response to new medical and technological discoveries and altered social and environmental conditions, there must be a continuous evaluation of the adequacy of programs to meet these requirements. The Office of Program Planning and Evaluation will provide a focus for such evaluation. It will coordinate and review planning and programs of the various Divisions of the Bureau of Health Manpower. It will work with other units of the Public Health Service, other government agencies, and representatives of the professions, interested organizations, and institutions in identifying new and changing needs and requirements for health manpower. It will conduct special studies of needs for and supply and utilization of health manpower and it will provide guidance in planning programs for meeting health manpower needs and utilizing health manpower resources.

Information office

This office furnishes leadership, coordination and technical assistance to the information, public relations and graphics activities of the five divisions. It originates written materials such as press releases, radio and television scripts, publications, and speeches dealing with the health manpower activities of the Bureau, and performs editorial and clearance functions for materials originating in the divisions, totaling several hundred items annually. It serves as the primary point of contact for response to inquiries from the press, other media, and the public related to health manpower programs.

Office of administrative management

This office develops and implements policies and procedures in the administrative management area in order to utilize the most economic means of operation in the Bureau. It is responsible for security and committee management. It provides many centralized administrative management services through the following staffs:

Management planning and appraisal

Implementing the programs of the new Bureau of Health Manpower will require imaginative planning in assigning functions among and within divisions and staff offices particularly with respect to activities needing increased visibility and development such as the design of continuing education programs for the various health occupations, the development and promotion of utilization concepts, and the improvement of techniques for appraising the quality of on-going educational activities. Division directors and other Bureau officials also will need consultation and assistance in resolving the various management problems that can be expected with a new program and in developing systems to handle the administrative routines that are so essential to the effective operations of an organization. The Bureau's management planning and appraisal staff has designed its work plan around providing these management planning and consultation services to the Bureau as Divisions and Staff Offices will not staff for this type of specialized management. Additionally, this Staff will (1) represent the Bureau in the management analysis area with the Office of the Surgeon General, (2) promote the use of new and improved management practices throughout the Bureau and (3) conduct special reviews and appraisals for the Bureau Director and his immediate staff.

Data systems

The data systems staff develops and administers policies and procedures, and promotes improved management practices to achieve an effective ADP program in support of authority and responsibility assigned to the Bureau, and coordinates and evaluates all Bureau ADP activities. It is of paramount importance to the Bureau to develop a short and long-range plan which will identify the types of data systems required to make available management information in all health and allied health professions categories. The initial effort of the staff in developing the management plan will be to study what systems are currently in use within the Federal government, State governments and private industries; and to develop costs and timetables for each sub-phase for implementing and placing into operation a Manpower Intelligence Communication System. In 1968, the principal objective will be to develop detailed design specifications relating to input and output requirements which the Manpower Intelligence Communication System must be capable of producing. The detailed specifications will describe

the relationship between State health agencies, professional associations, educational institutions, organizational elements of the U.S. Public Health Service, etc. pertaining to source of information, reliability, form of presentation, as well as end use.

Financial management

This activity directs and coordinates the financial management activities of the Bureau. It provides financial management, advice and service to the Office of the Director. It advises, guides and participates in the budget formulation of the 5 Bureau divisions, reviews budget estimates and prepares in final form budgets for presentation to the Surgeon General, Department, Bureau of the Budget and Congress; and develops and installs budget execution and control procedures including periodic financial reporting.

Personnel

The personnel activity is currently engaged in providing assistance in the staffing of the three new divisions of the Bureau as well as providing personnel services to the Divisions of Dental Health and Nursing. Assistance to the new divisions involves recruiting and selecting personnel and the development of positions descriptions for entirely new programs. The newly established functions will require employing personnel with new types and varieties of experience including practically all categories of health professions personnel, educators, automatic data processing planners, statisticians, as well as those with experience primarily oriented to public health. Continued efforts will be made to expand and the use of standard position descriptions and to provide assistance in the newly emerging career development programs of the Department which include both Commissioned Corps and Civil Service employees.

Regulations and legislation

The regulations and legislation activity interprets all public laws concerning the Bureau's activities and also all policies and regulations of the Bureau, the Public Health Service, and the Department and maintains Department manuals and other legislative and reference materials.

Contract

This activity provides negotiated contractual services on a Bureau-wide basis for research, development and technical services required in furtherance of program objectives. The workload of this office projected for 1968 is 113 contracts amounting to \$3,237,500.

General services

The general services activity provides office services to the Office of the Bureau Director and leadership, coordination, guidance and specialized assistance to the Divisions of the Bureau in property procurement and management. It operates forms control and paperwork management programs; conducts space operations and provides for mail and messenger service.

1232 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

New positions requested, fiscal year 1968

	Grade	Annual salary
Physician manpower:		
Public health program specialist (4)	GS-14	\$60,424
Architect (2)	GS-13	25,746
Public health program specialist (3)	GS-13	38,619
Architect	GS-12	10,927
Public health program specialist (3)	GS-12	32,781
Public health program specialist (4)	GS-11	36,884
Public health program specialist	GS-7	6,451
Clerical assistant (3)	GS-5	15,993
Commissioned officers: Director grade (2)		23,178
Total (23)		256,003
Dental services and resources:		
Public health program specialist	GS-13	12,873
Statistician (2)	GS-13	25,746
Public health program specialist (4)	GS-12	43,708
Public health program specialist	GS-11	9,221
Statistician (2)	GS-11	18,442
Administrative staff assistant (2)	GS-9	15,392
Administrative staff assistant	GS-7	6,451
Public health program specialist	GS-7	6,451
Clerical assistant (6)	GS-4	23,656
Commissioned officers:		
Senior grade (2)		25,648
Full grade (2)		18,670
Total (24)		211,258
Nursing services and resources:		
Nurses (5)	GS-14	75,530
Public health program specialist	GS-14	15,106
Statistician	GS-14	15,106
Do	GS-11	9,221
Clerical assistant (2)	GS-5	10,662
Total (10)		125,625
Allied health professions manpower:		
Information specialist	GS-14	15,106
Public health program specialist	GS-14	15,106
Public health program specialist (2)	GS-13	25,746
Statistician	GS-12	10,927
Do	GS-11	9,221
Public Health Program Specialist (2)	GS-9	15,392
Do	GS-7	12,902
Clerical assistant (3)	GS-5	15,993
Total (13)		120,393
Health manpower educational services:		
Public health program specialist	GS-13	12,873
Clerical assistant	GS-6	5,867
Total (2)		18,740
Total new positions, all activities (72)		732,019

BUREAU OF HEALTH MANPOWER CREATION

Senator BARTLETT. Next is Dr. Fenninger.

Do you have a prepared statement?

Dr. FENNINGER. Yes, sir; I do.

Mr. Chairman and members of the committee.

I am pleased to discuss with you some of the health needs of the people of the United States.

I am Dr. Leonard D. Fenninger, Director of the new Bureau of Health Manpower, a post which I have held for about 2 months. The ultimate mission of the Bureau is to assure that skilled and dedicated people will be prepared to serve the health needs of the people of this Nation.

WITNESS BACKGROUND

In many ways my new responsibilities represent a culmination of my interests and my experience. My life work has been associated with institutions dedicated to service to men, women, and children. These institutions have served people through education, through the quest for new knowledge and understanding, and through keeping people well and rendering care to the sick.

My previous position as associate dean and director of Strong Memorial Hospital of the University of Rochester has enhanced my concern for the dignity of man and has made me acutely aware of the urgent need for many more people, possessing great skill, and dedicated to the care of those who are sick.

HEALTH MANPOWER REQUISITE

The degree of success and progress in any endeavor depends fundamentally on the availability of good people and the opportunity given them to use their abilities to the utmost. People who contribute to our health—as individuals and as a nation—are needed in large numbers at every level of education and skill. They must be encouraged to enter the health field. They must work in settings which allow them to use their abilities most effectively. They must be recognized for the significance of their contributions. Our most important task in the field of health is to prepare enough people with knowledge and skill so that the expectation of every individual to have good health and to fulfill himself as a human being can be realized.

HEALTH MANPOWER INCREASE SOURCES

The Nation's increasing demand for health manpower stems from many sources. Important among them are the growth and change in the population, increasing understanding of the value of health services, increasing medical knowledge which has produced an increasing array of available and potential services, a continuing lowering of financial barriers to care, and the emergence of a social concept that medical care should be related to medical need.

These factors have produced a great disparity between the demand for health care and the resources available to provide it—that is, the men and women who are prepared to give this care and the organizations and institutions which have evolved to provide services to those who need them.

GOOD HEALTH OF EVERY PERSON

Although we shall never have resources enough to fulfill every desire of every individual in any society, good health of every person in every community is of paramount importance to all social progress. I use "good health" to mean a sound mind in a sound body, functioning in a favorable environment. Yet to assure this good health, we need people—people skilled in many different aspects of health care, working together with a common objective.

RECRUITING ATTRACTIONS

How are we to attract the people we need in the health fields? We must acquaint young people with the many and varied opportunities that exist. We must make these opportunities a source of great personal satisfaction with adequate recompense for their services.

TOTAL EDUCATIONAL OPPORTUNITIES

Of particular importance is the provision of educational opportunities for professional and technical careers in health at all levels of skill commensurate with the abilities of each individual who enters the field. In no area can Federal and local, public and private partnership be more productive. While the institutions which provide this education are a national resource, they are also local. It is in them that men and women develop ideas and knowledge and acquire the necessary skills and techniques.

BUREAU FEDERAL LEADERSHIP RESPONSIBILITY

The Bureau of Health Manpower as a bureau of the Public Health Service has the responsibility to provide Federal leadership in this partnership and to support those who are undertaking careers in health and the institutions which prepare them to do so.

To do this wisely, we must have knowledge of national needs, of educational methods and curricula, of the ways in which health care is organized, and of programs which will encourage people and institutions to explore new ways to provide better care. Judgment must be based on valid information and knowledge so that our national resources may be used to the best advantage of all. Schools which offer curriculums for the preparation of various kinds of professional and technical personnel must be strengthened and enlarged. New schools will have to be created if we are to prepare sufficient numbers to meet the need.

HEALTH LEGISLATIVE ENACTMENT PROVISIONS

Important steps have already been taken by the Congress to close the gap between the needs of the people for health care and the number of individuals capable of rendering such care. In the past several years broad health legislation has been enacted to provide means for undertaking the following programs:

Construction grants to colleges and universities to create more and better teaching facilities;

Grants to improve teaching in schools for the training of health personnel;

Grants for long- and short-term training or retraining of health personnel; and

Scholarship and loan programs for students to enable them to undertake education for careers in health service.

I shall now discuss some of the ways in which we are strengthening the schools which provide education in the health professions.

UTILIZATION OF MANPOWER

Knowledge of the ways in which people do their work in the field of health is essential. Sound information must be the basis for educational programs, the design of curricula, the design of facilities and the organizational framework within which the prevention of illness and the care of patients takes place.

This information must include ways in which the efforts of health workers are used and the tasks they perform. This knowledge provides the means for judging the effectiveness of existing programs and for the creation of new programs to improve the health in the future.

DENTISTRY AND NURSING

Information currently available about education for the health professions and the ways in which health manpower functions is limited and piecemeal. Some disciplines, notably dentistry and nursing, have devoted serious attention to defining the functions of people working in certain settings, and to developing different kinds of health workers and new settings in which their skills may be used more effectively.

MEDICINE AND OTHER HEALTH PROFESSIONS AND TECHNOLOGIES

Less has been done in the fields of medicine and in the other health professions and technologies which are emerging, and whose contributions to health services are increasing. Studies are underway within the Public Health Service and in a variety of institutions supported by funds made available to them by the Public Health Service through both grants and contracts.

STUDY OF DENTAL DIVISION, LOUISVILLE, KY.

Among the significant studies is the program operated by the Dental Division at Louisville, Ky., where dentists, technicians, and other dental personnel are working together in specially designed facilities to improve the effectiveness of the dentist, to increase the number of patients to whom he can give care, and to heighten the quality of care being given.

This study looks to the efficiency of the physical setting in which the dentist functions, the most effective relationships of the dentist to the dental assistant, hygienist, the dental laboratory technician, and the quality of services performed for the patient.

FORMULA GRANTS TO STATE HEALTH AGENCIES FOR PREVENTION AND CONTROL OF DENTAL DISEASES

While I am speaking of dentistry, I might add an explanatory note about one of the items in our current budget. For 1967 there is \$1 million budgeted for the Dental Division to provide formula grant support to all 50 State health agencies and those of Guam, Puerto Rico, Virgin Islands, and the District of Columbia to strengthen and expand programs for the prevention and control of dental diseases. Funds for

this purpose in 1968 are included in the appropriation "Comprehensive health planning and services" in the Office of the Surgeon General.

We will continue, of course, to provide to the States necessary professional and technical guidance in connection with this program.

EDUCATION OF HEALTH PERSONNEL

Improvement of both the quality and the quantity of people in the field of health depends on the availability of strong programs in junior colleges, colleges, and universities where students in the health and allied professions receive their education. Through the educational improvement grants, we assist schools to improve their curriculums in the fields of health by enabling them to obtain the additional teachers and equipment necessary to strengthen their teaching programs.

In the fields of medicine, dentistry, osteopathy, optometry, and podiatry, approximately 170 schools will be able to improve and augment their present curriculums with the \$57,500,000 requested for improvement under the Health Professions Educational Assistance Act.

The development of new health knowledge and technology and the changes which are occurring in the ways in which health services are rendered has made the roles of those in the allied health professions increasingly significant. The passage of the Allied Health Professions Personnel Training Act in the fall of 1966 recognized the need to educate more men and women in these fields and also recognized the contribution to be made by junior colleges, colleges, and universities and their affiliated hospitals.

The request for \$9,750,000 will provide educational improvement grants to these institutions, to improve their curriculums, expand teaching programs, and support the faculties necessary to teach increasing numbers of students in the health field.

STUDENT ASSISTANCE

Scholarships, opportunity grants, and student loans: Provision of faculty and equipment in educational institutions is but one facet of increasing the supply of health manpower. It is also essential that qualified students have the resources to enter the health field and to complete their education. No economic barriers should keep able students from becoming important contributors to the health of others.

Education for all health professions has become more costly for students. Scholarships and opportunity grants are therefore of the utmost significance in giving opportunities to good students to become professionals in the health field. Scholarships are of particular importance in nursing, whose students have traditionally come from families of lower income. The \$5 million which is requested in nursing will provide aid to approximately 8,000 able high school graduates of exceptional financial need who could not otherwise undertake a career in nursing.

Funds amounting to \$8,200,000 are also requested for scholarships for able students from low-income families who, without this assistance, could not pursue their courses of study in medicine, dentistry, osteopathy, optometry, pharmacy, and podiatry. These funds will

support approximately 2,000 first-year students and provide continuing support for 2,000 second-year students.

Many students who are undertaking careers in the health professions have some resources of their own but require additional funds to complete their education. These needs can be met through loan funds that are made available to them.

Teachers in the health professions and those who have a high degree of specialized skill are scarce. They are essential if we are to increase the numbers of trained health workers. Fellowships and traineeships are designed primarily to produce additional teachers, administrators, supervisors, and highly skilled practitioners in professional specialties, particularly in nursing and the allied health professions.

RESEARCH AND DEVELOPMENT IN EDUCATION AND UTILIZATION OF HEALTH PERSONNEL

I have spoken of the utilization of health manpower and of support for educational programs through educational improvement grants in the health professions. The application of new knowledge and technologies to education for the delivery of health services requires the development of new curriculums, new ways of imparting knowledge, and the testing of new organizational patterns.

Funds for research administered by the Bureau of Health Manpower are requested primarily to support efforts in curriculum development and experimentation in the institutions concerned with teaching students in the health professions and with preparing them to render health services.

CONSTRUCTION OF FACILITIES

Students and teachers require facilities in which to learn and to teach. The programs which I have discussed all require facilities appropriate to the teaching to be done if we are to accomplish the ends which we seek; namely, the best health care that can be provided for every person who needs it and the provision of the best environment for the best possible health of everyone.

Although the construction program for which we are requesting \$203 million will be presented in greater detail later, I should point out that the Health Professions Educational Assistance Act and the Nurse Training Act have been of great value in providing the facilities for education in the health professions. The need for more and better facilities for education in all the health professions continues.

SKILLED AND DEDICATED PEOPLE TO SERVE HEALTH REQUIREMENTS OF U.S. CITIZENS

Mr. Chairman, you have seen that the Bureau of Health Manpower has the goal of providing adequate numbers of skilled and dedicated people to serve the health needs of the people of the Nation. This goal will be accomplished in partnership with educational and health institutions and organizations through:

1. The development of increasingly effective and efficient use of the people working in the field of health;
2. The support of the institutions in which these people receive their education and training;
3. The support of students pursuing careers in health;
4. The development of teachers who will stimulate these students;
5. The development of new ways to teach, and new ways to use the skills of those who are taught;
6. The provision of suitable facilities for education.

BUREAU BUDGET REQUEST

To summarize, Mr. Chairman, \$170,413,000 is requested to carry out the program purposes I have enumerated. This is \$21,915,400 above the \$148,497,600 available for these purposes during 1967.

The increase of \$21,915,400 will provide additions to the following divisions:

Physician Manpower.....	\$425, 000
Dental Services and Resources.....	359, 000
Nursing Services and Resources.....	3, 516, 000
Allied Health Professions Manpower.....	237, 000
Health Manpower Educational Services.....	16, 378, 400

We shall be happy to answer any questions which you may have.

BUREAU ESTABLISHMENT

Senator BARTLETT. Thank you, Dr. Fenninger. The Bureau is new. How new?

Dr. FENNINGER. It was established the first of January 1967.

Senator BARTLETT. And then, of course, it follows: This is the first time an independent budget has been submitted?

Dr. FENNINGER. Yes, sir.

PRIOR FUNDS ALLOCATION

Senator BARTLETT. Where was the money allocated heretofore for these purposes?

Dr. FENNINGER. I think Mr. Hambleton can answer that.

Mr. HAMBLETON. The money was allocated to several other appropriations—the dental appropriation, the nursing appropriation, the community health practice and research appropriation, and several others. The major portion of the money for the Bureau came from the latter appropriation, principally for several types of grants.

Senator BARTLETT. All mixed up?

Mr. HAMBLETON. The funds were from several divisions; yes, sir.

BUREAU STAFF

Senator BARTLETT. How large a staff do you have?

Dr. FENNINGER. At the present time we have 669 people.

Senator BARTLETT. How many of those are in Washington?

Mr. HAMBLETON. All but around 165 are in Washington.

Senator BARTLETT. Now, this appropriation request represents an increase of \$21,915,400 over the money appropriated for similar purposes in this existing fiscal year?

Mr. HAMBLETON. Yes, sir.

PERSONNEL INCREASE

Senator BARTLETT. You are asking for 72 additional personnel?

Mr. HAMBLETON. Yes, sir.

Senator BARTLETT. Why do you need them?

EXPANSION OF EDUCATIONAL ASSISTANCE TO HEALTH SCHOOLS

Dr. FENNINGER. For a variety of reasons, Senator Bartlett. In the first place, we are undertaking expansion of programs in educational assistance to the schools of the health professions. We believe that, for the first time, we will be able to undertake special improvement grants as well as the basic improvement grants.

This will require considerable work with the schools. We will need staff to provide consultation about curriculums, grant applications, and so forth. We are undertaking a major study of physician manpower needs and other professional manpower needs on a national basis. This will require additional staff.

EDUCATIONAL FACILITY PROGRAM EXPANSION

We also requested additional positions for the educational facilities program, which will be greatly expanded. All of the construction program is centered in the physician manpower division so that engineering and architectural consultants can be used most effectively by relating to one single administrative unit.

BUDGET BUREAU REDUCTION

Senator BARTLETT. Did the Bureau of the Budget allow all funds you requested?

Dr. FENNINGER. No, sir; they did not.

Senator BARTLETT. How much did they reduce your appropriation request by?

Dr. FENNINGER. The total reduction was \$62,397,000.

Senator BARTLETT. In what areas?

Mr. HAMBLETON. \$16 million of the \$62 million was a reduction in the construction appropriation. That was \$6 million from the allied health construction program and \$10 million from the health professions construction program; \$21 million was a reduction in the student loan programs; \$2.5 million was a reduction in the educational improvement grant program; \$3 million was a reduction in the payment to diploma nursing schools.

Senator BARTLETT. Will you please repeat that?

Mr. HAMBLETON. \$3 million was a reduction in the program for payment to diploma schools of nursing.

Senator BARTLETT. How much was in the budget for that purpose?

Mr. HAMBLETON. The budget for that purpose is \$3 million for 1968. Senator BARTLETT. You had asked for what?

Mr. HAMBLETON. \$6 million of the Bureau of the Budget.

Another \$1 million is a reduction in the nurse traineeship program; \$2 million was a reduction in the public health traineeship program; \$5.5 million was a reduction in the allied health grant programs, and \$2.5 million was a reduction in the graduate public health training program.

Senator BARTLETT. Out of the general appropriation request for that particular item of how much?

Mr. HAMBLETON. For the last item we asked for \$7 million and received \$4.5 million. Those are the major items, Senator.

STUDENT LOAN PROGRAM

Senator BARTLETT. The committee especially notes the radical reduction in the student loan program. This year there was appropriated \$54,225,000 and the Bureau permitted you to request only \$31 million for next fiscal year, representing a cut of \$23,225,000. Do you have any information to give the committee as to why such a heavy knife was used on this item?

CAPITALIZATION OF TWO REVOLVING FUNDS

Mr. HAMBLETON. In 1967, the \$54 million you referred to, Senator, includes \$12 million for a supplemental that has been proposed to establish or to capitalize two revolving funds for loans for students of the health professions and nursing. These revolving funds were authorized in the Allied Health Professions Personnel Training Act of 1966, enacted last fall. Although this \$12 million is included in the \$54 million it will not be available for loans to students in 1967 but will be carried forward into 1968 and with the \$31 million you see requested as an appropriation will make \$43 million available for obligations in 1968, compared to \$42 million in 1967.

This is merely a change in method of funding. There are going to be two sources of funding, one from the appropriation—and another source from these revolving funds. The schools may borrow from the revolving funds or take a grant from the appropriation as they wish or from both.

CONSTANT PROGRAMS

Mr. CARDWELL. I might add, Senator, these programs as budgeted in 1968 are remaining at the exact same level of 21,000 students for the health professions—in other words, 21,000 in 1968 and 1967.

Senator BARTLETT. And the appropriation request will enable us to maintain that?

Mr. CARDWELL. Yes, sir.

Senator BARTLETT. Then you have no complaints upon that score?

Dr. FENNINGER. No, sir.

DENTAL DIVISION STUDY, LOUISVILLE, KY.

Senator BARTLETT. On page 5 you said one purpose of the study in the area of the Dental Division at Louisville is to improve the effectiveness of the dentist to increase the number of patients to whom he can give care. I suppose the last sentence in that paragraph explains it to some extent, but I wish you would dwell upon that a bit more and tell us how these studies can lead to greater efficiency.

Dr. FENNINGER. I would be glad to open it and ask Dr. Diefenbach, who is head of the Division and who is intimately involved in the program, to elaborate on it. I think it is quite evident that we are not going to meet all of the manpower needs in the fields of health by suddenly producing large numbers of people who require the longest period of educational training. Therefore it becomes imperative, if we are to have high quality of care for large numbers, to use all of the skills available at their most efficient level, and in dentistry and nursing there have been a number of studies and a great deal of work has been done to develop other kinds of professional and technical skills which will augment those of the nurse or the dentist in delivering care to patients, and the project at Louisville has been designed for this purpose.

Perhaps Dr. Diefenbach would like to discuss that.

Senator BARTLETT. Please.

DENTIST CAPABILITY STRETCH AND QUALITY MAINTENANCE

Dr. DIEFENBACH. The project at Louisville is a research study for experimentation in methods utilizing dental auxiliaries to increase the productivity of dentists. It culminates about 20 years of activities by the Dental Division in attempting to stretch the capacity of dentists to provide more care for more people while maintaining a very high level of quality of that care.

AUXILIARY SERVICE INCREASE

What this study proposes to do and is doing at the present time is to increase the number of auxiliaries that serve each dentist and to expand their duties.

By relieving the dentist of many of the routine tasks he has been doing customarily and limiting his scarce professional time to doing only the things he alone can do, we are certain that we can increase the number of patients he treats at a high quality by two or three times those seen by the average dentist today.

Senator BARTLETT. Two or three times?

FOUR-HANDED DENTISTRY PROCEDURE

Dr. DIEFENBACH. Yes, sir. We have already, in our research work, sir, increased the capacity of a dentist by using four-handed dentistry procedures; we have increased it by 50 percent. Further, by adding

a second assistant in the dental office, his productivity can be increased up to 75 percent over what he could do with no assistant.

Senator BARTLETT. The basic idea of this is getting patients out in a hurry?

Dr. DIEFENBACH. I don't know if we will get patients in and out in a hurry so much as we are going to be able to probably cut down on the waiting time they will have before they get in to see the dentist in the first place.

We are along with the measurements of quality and quantity, assessing the attitudes of the patients toward this new dental team.

FORMULA GRANTS TO STATE AGENCIES FOR PREVENTION AND CONTROL OF DENTAL DISEASES

Senator BARTLETT. Thank you very much.

Dr. FENNINGER, you mentioned \$1 million being budgeted for Dental Division to provide formula grant support to all 50 State health agencies and other areas. Are there standards set up before this money is distributed?

Dr. FENNINGER. It is distributed according to a formula. Perhaps Dr. Diefenbach can tell you.

BASE FUNDING FOR EACH STATE AND MATCHING FUNDS

Dr. DIEFENBACH. The formula provides a base of \$12,500 for each State. Now, that money must be matched by an equal amount, dollar for dollar, by the States and can be used for dental program purposes only.

ADDITIONAL 1968 FUNDING ON MATCHING BASIS

After all of the States have been allocated the base amount, the remainder is made available on a formula based on per capita income and population. Again, these Federal funds must be matched on a one-to-one basis.

Senator BARTLETT. The program is not new?

Dr. DIEFENBACH. This program is 3 years old. It began in 1965 when the initial appropriation was half a million dollars.

PROGRAM STATE PARTICIPATION

Senator BARTLETT. How many States do not participate?

Dr. DIEFENBACH. There is only one State at the present time not using the funds available.

Senator BARTLETT. I pose this question perhaps reluctantly: What State is that?

Dr. DIEFENBACH. That State is Alaska, sir.

Senator BARTLETT. I wish I had not asked you. Virgin Islands, Guam, and Puerto Rico?

Dr. DIEFENBACH. Yes, sir. All are using their funds.

Senator BARTLETT. And District of Columbia?

Dr. DIEFENBACH. Yes, sir.

Senator BARTLETT. I am glad I asked it. I think it would be a signal to your health department in Alaska.

NURSING SCHOLAR PRIORITY

Now, Doctor, I just wanted to endorse and embrace that which you had to say in these words: "Scholarships are of particular importance in nursing, whose students have traditionally come from families of lower income." I have a daughter who is a nurse and I subscribe to that.

SUBCOMMITTEE RECESS

Thank you very much. I have no further questions. The subcommittee will recess until 10 o'clock tomorrow morning.

(Whereupon, at 11:45 a.m., Monday, April 10, 1967, the subcommittee recessed, to reconvene at 10 a.m., Tuesday, April 11, 1967.)

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION,
AND WELFARE, AND RELATED AGENCIES APPRO-
PRIATIONS FOR FISCAL YEAR 1968

TUESDAY, APRIL 11, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1224, New Senate Office Building, Hon. Lister Hill (chairman) presiding.

Present: Senators Hill and Bartlett.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PUBLIC HEALTH SERVICE

HEALTH PROFESSIONS EDUCATION AND NURSE TRAINING FUNDS

STATEMENT OF DR. LEONARD D. FENNINGER, DIRECTOR, BUREAU OF HEALTH MANPOWER; ACCOMPANIED BY RAYMOND F. DIXON, DIRECTOR, DIVISION OF HEALTH MANPOWER EDUCATIONAL SERVICES; JOHN W. HAMBLETON, FINANCIAL MANAGEMENT OFFICER, BUREAU OF HEALTH MANPOWER; DR. WILLIAM H. STEWART, SURGEON GENERAL; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

PARTICIPATION SALES AUTHORIZATION

The Federal National Mortgage Association, as trustee, is hereby authorized to issue beneficial interests or participations in such loan assets of the Health Professions Education Fund and the Nurse Training Fund as may be placed in trust with such association in accordance with section 302(c) of the Federal National Mortgage Association charter act, as amended, in an aggregate principal amount of not to exceed \$15,000,000: Provided, That this authorization shall remain available until June 30, 1969.

PAYMENT OF SALES INSUFFICIENCIES

For the payment of such insufficiencies as may be required by the trustee on account of outstanding beneficial interests or participations in assets of the Public Health Service in Health Professions Education Fund assets or Nurse Training Fund assets, authorized by this act to be issued pursuant to said section 302(c), such sums as may be necessary, to remain available without fiscal year limitation.

EXPLANATION OF LANGUAGE

The language proposed provides (1) authority for the Federal National Mortgage Association to finance \$15,000,000 of revolving fund student loans through borrowings from the public on the security of notes received from schools of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, veterinary medicine, and nursing and (2) authority to spend from general funds such amounts as may be necessary to ensure timely payments to the holders of Federal National Mortgage Association notes which are secured by notes from health professions and nursing schools. This provision assures lenders and the public that funds from the Treasury will be available to make payments when due in the event that payments to holders of notes exceed the amount received in repayments from schools.

HEALTH PROFESSIONS EDUCATION FUND

Amounts available for obligation

	1967	1968
Appropriation (permanent, indefinite).....		\$167,000
Appropriation (proposed, supplemental).....	\$10,000,000	
Sale of participation certificates.....		10,000,000
Unobligated balance, start of year.....		10,000,000
Unobligated balance, end of year.....	-10,000,000	-6,749,000
Total obligations.....	0	13,418,000

Obligations by activity

	1967	1968	Increase
Participation sales insufficiencies.....		\$167,000	+\$167,000
Other expenses.....		251,000	+251,000
Loans to health professions schools.....		13,000,000	+13,000,000
Total obligations.....		13,418,000	+13,418,000

Obligations by object

	1967	1968	Increase
Investments and loans.....		\$13,000,000	+\$13,000,000
Interest and dividends.....		418,000	+418,000
Total obligations by object.....		13,418,000	+13,418,000

NURSE TRAINING FUND

Amounts available for obligation

	1967	1968
Appropriation (permanent, indefinite).....		\$83,000
Appropriation (proposed supplemental).....	\$2,000,000	
Transfer from "Health manpower education and utilization".....	3,500,000	
Sale of participation certificates.....		5,000,000
Unobligated balance, start of year.....		5,500,000
Unobligated balance, end of year.....	-5,500,000	-5,000,000
Total obligations.....	0	5,583,000

Obligations by activity

	1967	1968	Increase
Participation sales insufficiencies.....		\$83,000	+\$83,000
Other expenses.....		134,000	+134,000
Loans to schools of nursing.....		5,366,000	+5,366,000
Total obligations.....		5,583,000	+5,583,000

Obligations by object

	1967	1968	Increase
Investments and loans.....		\$5,366,000	+\$5,366,000
Interest and dividends.....		217,000	+217,000
Total obligations by object.....		5,583,000	+5,583,000

HEALTH PROFESSIONS EDUCATION FUND

NURSE TRAINING FUND

The Allied Health Professions Personnel Training Act of 1966 (P.L. 89-751, dated November 3, 1966) established two revolving funds for providing loans to students of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, veterinary medicine, and nursing. Authorizations of funds amounting to \$10,000,000 for health professions student loans and \$2,000,000 for nursing student loans are included in the law and are in addition to appropriations already provided for student loans under other authorities. Student loan funds under these other authorities can be placed in the revolving funds and in FY 1967, \$3,500,000 of current nursing student loan funds will be placed in the nurse training fund (revolving fund). Those funds will be available in 1968, together with the \$12,000,000 for loans to students for the academic year 1967-1968. It is proposed that funds loaned to the schools from the revolving funds will be recovered through sale of participation certificates by the Federal National Mortgage Association to private sources and would be redeposited in the revolving funds. (\$15,000,000 is included in the language as the maximum authorized amount of participation certificates which can be sold.)

Operation of the funds

Institutions which borrow funds from the health professions education or nurse training funds to provide loans to their students will execute a note payable for the amount of the loan. This note will bear an interest rate determined by the Secretary to be adequate to cover (1) the cost of the funds to the Treasury, and (2) probable losses.

At specified times during the year, these notes will be placed in a trust fund against which certificates of participation are issued and sold by the Federal National Mortgage Association. Funds derived from the proceeds of these certificates will be deposited in the revolving funds. The Secretary will pay the institution (1) 90% of its losses from defaults, (2) the amount by which the interest payable by the school on such sums exceeds the interest received by the institutions on student loans made from such sums, (3) collection costs, and (4) amount of loans cancelled.

Principal and interest collected by the institution on student loans made from borrowed capital will be given to the Secretary for deposit in the revolving funds.

STUDENT LOAN PROGRAMS

Senator HILL. The subcommittee will kindly come to order. Dr. Fenninger, will you come up and have a seat, sir? We will have you proceed in your own way, sir.

Dr. FENNINGER. Thank you, sir.

Mr. Chairman and members of the committee, the Health Professions Educational Assistance Act of 1963, as amended, and the Nurse Training Act of 1964 each provided the establishment of student loan programs. With the moneys provided by Congress through fiscal year 1967, 196 medical, dental, optometric, podiatric, and pharmacy schools have established student loan funds. Such funds also have been established in 614 schools of nursing.

Senator HILL. That is pretty good progress, is it not?

Dr. FENNINGER. Yes, sir.

During 1967, \$25 million has been appropriated for the health professions schools and \$16,800,000 for the nursing schools. It is estimated that 38,000 students will borrow from these funds—21,000 for health professions students and 17,000 nurses.

Senator HILL. Doctor, you may not have the information offhand, but what percent of the 21,000 deals with health professional students and what percent will the 17,000 be?

Dr. FENNINGER. I don't know offhand what the percentage will be.

Senator HILL. You might check it and if you find those figures, we will be interested in having it in the record.

Dr. FENNINGER. I will, sir.

(The information follows:)

The 21,000 health professions students who will borrow funds constitute approximately 30 percent of the number of such students enrolled in 1967. The 17,000 nursing students who will borrow constitute approximately 12 percent of the number of nursing students enrolled in 1967.

HEALTH PROFESSIONS EDUCATION AND NURSE TRAINING FUNDS

Dr. FENNINGER. These programs lessen economic barriers which might otherwise limit the number of students entering the health professions.

The enactment last fall of the Allied Health Professions Personnel Training Act of 1966 provided two sources for increasing the number of students entering the field of health by establishing the health professions education fund and the nurse training fund.

REVOLVING FUND

These funds were established on a revolving basis to enable greater utilization of Federal funds, to provide an opportunity for the private sector of the economy to participate more directly in supporting health professional and nursing students of the highest quality, and to enable more students to obtain loans.

INSTITUTIONAL BORROWING ELECTIONS

The schools may choose to borrow funds from these revolving funds, or receive a Federal capital contribution from regular appropriations or both. Institutions electing to borrow are relieved of their present obligation to contribute at least 10 percent of the capital of their loan funds.

BUDGET REQUESTS

To have the funds available to meet the needs of students this fall who need to borrow from these revolving funds, we have requested supplemental appropriations of \$12 million in 1967. This is the full amount authorized for these two funds and is only authorized for fiscal year 1967. This amount, which will be available in 1968, is in addition to the \$31 million requested in our regular appropriation "Health manpower education and utilization" for student loan programs for medical, dental, optometric, podiatric, pharmacy, veterinary, and nursing students. The two mechanisms will make it possible for 3,000 additional needy students to obtain financial support.

PARTICIPATION SALES AUTHORIZATION

In the appropriation language, we are requesting two new provisions necessary for the operation of the revolving funds. The "Participation sales authorization" sets a \$15 million limitation on the sale of participation certificates by the Federal National Mortgage Association for these programs. This provision is necessary as the Participation Sales Act of 1966 requires that the Congress authorize in advance, in Appropriation Acts, the maximum amount of participations that may be sold.

PAYMENT OF SALES INSUFFICIENCIES

The second language provision entitled "Payment of Sales Insufficiencies" provides authority to spend from general funds such amounts as may be necessary to assure timely payments to the holders of Federal National Mortgage Association certificates which are secured by notes from health professions and nursing schools. This provision assures lenders and the public that funds are backed by the full faith and credit of the Government. We estimate that approximately \$250,000 will be expended from general revenue for this provision, covering a 6-month interest payment due the Federal National Mortgage Association in fiscal year 1968, on notes sold for us shortly after the school year begins in September 1967.

Mr. Chairman, I shall be glad to answer any questions you may have concerning these programs.

STUDENT GUARANTEE LOAN PROGRAM

Senator HILL. Doctor, you will recall last year the Department wanted to abandon student loan funds and resort to a loan guarantee but the committee disapproved this request.

Mr. HAMBLETON. That is right, sir.

Senator HILL. When the program had been pretty well fixed up the Department requested approval.

Mr. KELLY. The problem last year, Mr. Chairman, was one of timing. That is, it was so late in the year when we endeavored to shift the system of financing from direct loans to guaranteed loans that this change shook the confidence of both the institutions and students of the ability to continue to receive financial support.

What is being done this year by this program is to avoid an abrupt change from a direct loan program to a guaranteed loan program by bringing this guaranteed loan program into being and continuing the ongoing direct loan program. The ongoing direct loan program would be continued until the guaranteed loan program has been demonstrated as being fully effective to fulfill all requirements or at least effective in meeting part of the need. The direct loan program would then be utilized to the extent it will fulfill total requirements for student loans.

Similarly with the student guarantee loan program under the National Defense Education Act, the direct loan program is continuing, and we are hoping that the Congress this year will enact guarantee loan legislation similar to that which was included in the Health Professions Educational Assistance Act as the method of financing part of the total need.

We are also carrying forward the guarantee loan program under the Higher Education Act. This is developing to be a quite successful and large supplement to the regular national defense education student program.

Senator HILL. It is?

Mr. KELLY. Yes.

Senator HILL. It has proven satisfactory, you say?

Mr. KELLY. That is correct.

Senator HILL. Well, Doctor, we thank you very much for that statement.

CONSTRUCTION OF HEALTH EDUCATIONAL FACILITIES

STATEMENT OF DR. LEONARD D. FENNINGER, DIRECTOR, BUREAU OF HEALTH MANPOWER; ACCOMPANIED BY DR. JOSEPH A. GALLAGHER, DEPUTY DIRECTOR, BUREAU OF HEALTH MANPOWER; JOHN W. HAMBLETON, FINANCIAL MANAGEMENT OFFICER, BUREAU OF HEALTH MANPOWER; DR. WILLIAM H. STEWART, SURGEON GENERAL; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER; AND JAMES F. KELLY, DEPUTY ASSISTANT SECRETARY, COMPTROLLER

APPROPRIATION ESTIMATE

CONSTRUCTION OF HEALTH EDUCATIONAL FACILITIES

To carry out [part B] parts B and G of title VII and part A of title VIII of the Act, [\$160,727,000] \$203,000,000, of which [\$135,000,000] \$175,000,000 is for grants to assist in construction of new, or replacement or rehabilitation of existing, teaching facilities pursuant to section 720 of the Act [including \$27,000,000 for the purposes of subsection (2) of said section], \$10,000,000 is for grants to assist in construction of new, or replacement or rehabilitation of existing, facilities for collegiate schools of nursing [pursuant to section 801]; [and] \$15,000,000 is for grants to assist in construction of new, or replacement or rehabilitation of existing, facilities for associate degree and diploma schools of nursing [pursuant to section 801]; and \$3,000,000 is for grants to assist in construction of new, or replacement or rehabilitation of existing, facilities for training centers for allied health professions: Provided, That amounts appropriated herein [for grants] shall remain available until expended.

Amounts available for obligation

	1967	1968
Appropriation.....	\$160,727,000	\$203,000,000
Comparative transfer to "Health manpower education and utilization".....	-722,000	-----
Unobligated balance lapsing.....	-5,000	-----
Total.....	160,000,000	203,000,000

Obligations by activity¹

	1967 estimate	1968 estimate	Increase or decrease
Grants for construction of teaching facilities:			
Schools of medicine, osteopathy, pharmacy, optometry, podiatry, veterinary medicine, and public health.....	\$108,000,000	\$175,000,000	+\$67,000,000
Schools of dentistry.....	27,000,000	-27,000,000	-----
Nurses.....	25,000,000	25,000,000	-----
Allied health professions.....	-----	3,000,000	+3,000,000
Total obligations.....	160,000,000	203,000,000	+43,000,000

¹ Construction grants are on an allocation basis.

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Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Grants, subsidies, and contributions (total obligations) -----	¹ \$190,581,040	\$203,000,000	+\$12,418,960

¹ Includes funds carried forward from prior years.*Summary of changes*

1967 enacted appropriation-----	\$160,727,000
Comparative transfer to "Health manpower education and utilization"-----	-722,000
Unobligated balance lapsing-----	-5,000
1967 total estimated obligations-----	160,000,000
1968 estimated obligations-----	203,000,000
Total change -----	+43,000,000

	Base	Changes from base
Increases:		
A. Program:		
1. Increase in construction of teaching facilities for schools of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, veterinary medicine, and public health-----	\$135,000,000	+\$40,000,000
2. Initiation of construction of teaching facilities for the allied health professions-----		+3,000,000
Total net changes requested-----		+43,000,000

EXPLANATION OF CHANGES

Grants for construction of teaching facilities for schools of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, veterinary medicine, and public health

The increase of \$40,000,000 requested for this purpose will provide a total of \$175,000,000 in Federal funds for the construction of teaching facilities for schools of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, veterinary medicine, and public health. As of January 16, 1967, a total of 149 applications have been received requesting Federal funds in excess of \$398,000,000.

Grants for construction of teaching facilities for the allied health professions

To assist in the construction of new facilities for training centers for allied health professions, a total of \$3,000,000 is requested. This amount will increase opportunities for training of medical and x-ray technologists, occupational and physical therapists, dental hygienists, and personnel in other allied health disciplines.

CONSTRUCTION OF HEALTH EDUCATIONAL FACILITIES

Introduction

Funds are requested for project grants to assist public or other non-profit schools of medicine, osteopathy, dentistry, nursing, pharmacy, optometry, podiatry, veterinary medicine, public health, and other allied health disciplines, such as medical technologists, medical librarians, dental hygienists and occupational therapists in the construction of new, or the expansion and rehabilitation of existing teaching facilities. These funds will increase the teaching capacity of professional and allied health facilities by providing additional teaching facilities, and

will prevent the curtailment of enrollment or deterioration in the quality of training provided in existing schools by rehabilitating or replacing them.

A request in the amount of \$203,000,000 is submitted for 1968. This amount provides \$175,000,000 for grants under the Health Professions Educational Assistance Amendments of 1965 to assist in the construction and rehabilitation of teaching facilities for schools of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, veterinary medicine, and public health; \$25,000,000 for construction of teaching facilities for training professional nursing personnel under the provisions of the Nurse Training Act of 1964; and \$3,000,000 for construction of training centers for allied health professions under the provisions of the Allied Health Professions Personnel Training Act of 1966.

	1967 estimate	1968 estimate	Increase or decrease
Construction of teaching facilities for schools of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, veterinary medicine, and public health.....	\$108,000,000	\$175,000,000 ¹	+\$40,000,000
Construction of schools of dentistry.....	27,000,000		—27,000,000
Construction of teaching facilities for nurses.....	25,000,000	25,000,000	
Construction of teaching facilities for allied health professions.....		3,000,000	+3,000,000
Total.....	160,000,000	203,000,000	+43,000,000

¹ Includes funds for schools of dentistry.

Grants for construction of teaching facilities for schools of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, veterinary medicine, and public health

1967 estimate	\$135,000,000
1968 estimate	175,000,000
Increase or decrease.....	+40,000,000

The Health Professions Educational Assistance Act Amendments (Public Law 89-290 approved October 22, 1965) extended the construction program for schools of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, and public health for three years through 1969 with a total authorization of \$480,000,000 of which not more than \$320,000,000 may be available through 1968. The Veterinary Medical Education Act of 1966 (Public Law 89-709 approved November 2, 1966) authorized a program of construction of teaching facilities for schools of veterinary medicine under the Health Professions Educational Assistance authorization of the Public Health Service Act. A total of \$135,000,000 was appropriated by Congress for 1967 and \$175,000,000 is requested for 1968.

The construction grant funds recommended for these teaching facilities in the amount of \$175,000,000 will provide for construction of new and expansion, replacement, or rehabilitation of existing health professional schools other than schools of nursing.

The amount requested provides for the continuation of an extremely important effort to increase the supply of physicians, osteopaths, dentists, pharmacists, optometrists, podiatrists, veterinarians, and other professional health personnel. New schools must be constructed and a substantial number of existing schools must be expanded to facilitate maintaining present levels of supply in relation to population. Further, a large scale remodeling and replacement program must be undertaken to avoid curtailment of enrollment or deterioration in the quality of training in existing schools. Schools providing for education of other types of health personnel must also be constructed as new health disciplines are identified as essential members of the health team in providing optimum health care to all of our people.

From the beginning of the program in 1964 to January 16, 1967, a total of 149 applications had been received requesting Federal funds in excess of \$398,000,000. Of these, 103 have been approved and funded requiring \$248,963,230 in Federal funds. Twenty-eight other applications have been approved but not

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funded. A breakdown of the 103 projects approved and funded as of January 16, 1967, follows:

Type	Total	New	Expansion or rehabilitation	Total 1st year student places provided
Medical.....	48	9	39	1,252
Osteopathy.....	1		1	5
Dental.....	22	2	20	541
Pharmacy.....	7		7	225
Optometry.....	3		3	77
Public health.....	6	1	5	352
Nursing.....	16	2	14	786
Total.....	103	14	89	3,238

By June 30, 1967, an estimated 26 additional projects, which have not yet been evaluated and acted upon by the Council, and requiring about \$100,000,000 in Federal funds, will be approved and ready for funding.

The following table indicates a number of additional schools from which expressions-of-intent have been received and which will probably apply for construction assistance under this program:

Expressions of intent for which no applications have been received as of Jan. 16, 1967

Types of professional schools	Number of projects	Total estimated Federal share
Medical.....	50	\$279,800,000
Osteopathic.....	3	53,400,000
Pharmaceutical.....	27	17,000,000
Optometric.....	2	1,400,000
Podiatric.....	3	3,300,000
Public health.....	1	1,300,000
Total.....	86	356,200,000
Dental.....	30	77,800,000
Grand total.....	116	434,000,000

¹ Funded prior to passage of the Nurse Training Act of 1964.

Grants for construction of teaching facilities for nurses

1967 estimate.....	\$25,000,000
1968 estimate.....	25,000,000
Increase or decrease.....	

The Nurse Training Act of 1964, Public Law 88-581, includes provision for a four-year program of construction grants, and authorizes appropriations totaling \$90,000,000 for the construction of new and expansion, replacement, or rehabilitation of existing teaching facilities. The total amount of \$25,000,000 authorized for 1968 is requested.

These funds will provide \$10,000,000 for grants to assist in the construction, expansion, replacement, and rehabilitation of facilities for collegiate schools of nursing, and \$15,000,000 for grants to assist in the construction, expansion, replacement, and rehabilitation of facilities for associate degree and diploma schools of nursing.

Grant funds are essential if schools of nursing are to carry out the construction necessary to expand and improve their teaching facilities and increase their enrollments to meet the national needs for nurses. The Nation needs many more nurses than the present nursing schools can produce with their existing facilities. Current estimates indicate a need for 73,700 additional new first-year places by 1972 of which about 5,000 will be provided under P.L. 88-129, the Health Professions Educational Assistance Act of 1963 and P.L. 88-581, the Nurse Training

Act of 1964 if we are to reach the estimated need of 1 million nurses in active practice by 1975.

As of December 31, 1966, a total of 97 construction grant applications have been received requesting Federal funds in excess of \$50,000,000 under the Nurse Training Act. Of these, 46 grants to 18 collegiate, 3 associate degree and 25 diploma programs have been approved and funded. The Federal share of these 46 projects totaled \$22,600,000 and provided 1,848 new first-year places. Estimates based upon 102 letters of intent, for which applications have not yet been received, indicate an additional \$100,000,000 will be requested by schools of nursing in the near future.

Grants for construction of teaching facilities for the allied health professions

1967 estimate-----	
1968 estimate-----	\$3, 000, 000
Increase or decrease-----	+3, 000, 000

The Allied Health Professions Personnel Training Act of 1966 authorized appropriations totaling \$25,500,000 for construction of teaching facilities over a three-year period, 1967-1969.

The \$3,000,000 requested for 1968 will initiate a program of support for the construction, replacement, or rehabilitation of training centers for allied health occupations.

Authorization for grants to assist in construction of training facilities in the allied health occupations was provided as an integral and essential part of the Allied Health Professions Personnel Training Act of 1966. With ever expanding demands for health services and the growing complexity in the delivery of these services, greatly increasing numbers of allied health workers are required. These demands will continue to increase for the foreseeable future.

The facilities and enrollment capacities of institutions providing training for the allied health occupations are markedly inadequate even to meet present needs. An indication of the necessity to construct new and expand our existing training facilities if they are to meet future needs can be shown in estimates of required output by 1975 of several selected allied health occupations. In medical technology, an increase of nearly 100%, or 6,000 annual graduates, will be required to meet 1975 needs. In 1965 only 3,250 were graduated. By 1975 more than 8,000 annual graduates in occupational therapy will be needed—500 were graduated in 1965. In physical therapy, the need will be 8,000 annually compared to the 900 graduates in 1965. The need for additional personnel is true of all the allied health disciplines. While manpower requirements analyses are not currently available for all the allied health occupations, the following table of seven selected categories provides an indication of the extent of total deficiencies:

Profession	Supply	Estimated needs	Annual graduates	
			1965	Required to meet needs, 1975
Total, 7 professions-----	159, 200	365, 000	10, 400	37, 000
Dental hygiene ¹ -----	15, 000	42, 000	1, 470	5, 500
Medical record library service-----	10, 000	16, 000	130	1, 500
Medical technology ¹ -----	32, 000	70, 000	3, 250	6, 000
Occupational therapy-----	7, 200	54, 000	500	8, 000
Physical therapy-----	12, 000	54, 000	900	8, 000
Speech pathology and audiology-----	13, 000	29, 000	1, 100	2, 000
X-ray technology ¹ -----	70, 000	100, 000	3, 050	6, 000

¹ Includes associate degree and certificate programs.

Assistance in the construction of new allied health teaching facilities, and the replacement or rehabilitation of existing facilities is essential to an overall national program to meet national health manpower requirements. The funds requested will make it possible to initiate this essential activity.

CONSTRUCTION OF TEACHING FACILITIES FOR STUDENTS IN HEALTH DISCIPLINES

Senator HILL. Next, you are going to address yourself to construction.

Dr. FENNINGER. I would like to discuss those portions of the Health Professions Educational Assistance Act, the Nurse Training Act, and the Allied Health Professions Personnel Training Act which authorizes appropriation of funds for construction of teaching facilities for students in these health disciplines.

GRANTS TO PUBLIC AND NONPROFIT SCHOOLS

This legislation provides Federal funds for grants to assist public and other nonprofit schools to construct facilities for the various disciplines. Each application is evaluated on its merits by a group of outside consultants representing the professional area for which the application is made. The application is assigned a priority rating and is then reviewed by the appropriate National Advisory Council which makes recommendations concerning each application to the Surgeon General.

Schools that increase first year student enrollment and schools that require replacement or rehabilitation of teaching facilities to prevent curtailment of enrollment or deterioration in the quality of teaching are eligible for assistance.

BUDGET REQUEST

This request in the amount of \$203 million provides \$175 million for grants to schools of medicine, osteopathy, dentistry, pharmacy, optometry, podiatry, veterinary medicine, and public health. Twenty-five million dollars is requested for grants to assist in the construction of new and the replacement or rehabilitation of existing teaching facilities for nurses.

SCARCITY OF ALLIED HEALTH PROFESSIONS PERSONNEL

Three million dollars is for grants to assist in the construction of teaching facilities for the allied health professions.

Senator HILL. Answer me this, that seems like a pretty small amount of money, \$3 million. The allied health professions are becoming more and more important all the time, aren't they?

Dr. FENNINGER. Yes, sir; they are becoming more important.

People prepared to give health services of high quality are scarce. This shortage will increase as more and more people require medical care. As new knowledge and techniques develop more people with greater skills will be needed to use this knowledge and these techniques in serving the needs of all members of our society who expect good health care as a right.

The growing need for the many people possessing different skills in all fields related to health was recognized by the Congress in en-

acting the Health Professions Educational Assistance Act of 1963, which provided financial assistance for the construction of new facilities and the expansion and renovation of facilities of existing institutions which planned to increase their enrollment.

MEDICAL SCHOOL GRADUATES

An estimate made before passage of the act of annual medical school graduates in the United States in 1972 was 8,360. This estimate has been revised since programs made possible by the act were initiated. The best current estimate is that 9,250 students will graduate from medical schools in the United States in 1972.

Senator HILL. That still will not meet the needs; will it?

Dr. FENNINGER. No; it will not, but it is an appreciable gain.

Senator HILL. There is no doubt about that, but we still need more; is that right, sir?

Dr. FENNINGER. Yes, sir.

CONSTRUCTION APPLICATIONS REQUESTED AND APPROVED

The Health Professions Educational Assistance Act Amendments of 1965 extended the construction program for medical, dental, and other health professions schools through 1969, with a total authorization of \$480 million of which not more than \$320 million could be available through 1968.

As of January 16, 1967, and during the 30 months that funds have been available under the Health Professions Educational Assistance Act, 149 applications have been received and 103 have been approved and funded. The 103 projects represent total eligible construction costs of \$453,560,540. Federal participation in these projects amounts to \$248,963,230.

INCREASED STUDENT ENROLLMENT

Through this program, schools with curriculums in nursing have been able to provide 786 additional first-year places, and the other health professions have increased 2,452 first-year places distributed as follows:

Medicine -----	1,252
Dentistry -----	541
Public Health -----	352
Optometry -----	77
Pharmacy -----	225
Osteopathy -----	5

Upon completion of construction these projects will provide nine new medical schools, two new schools of dentistry, and one new school of public health.

SCHOOL OF PUBLIC HEALTH IN HAWAII

Senator HILL. Where will the new school of public health be?

Dr. FENNINGER. In Hawaii.

SCHOOLS OF VETERINARY MEDICINE ELIGIBILITY FOR LOANS

The Veterinary Medical Education Act of 1966 makes schools of veterinary eligible for Federal assistance, under the Health Professions Educational Assistance Act. As of this date no applications have been received from schools of veterinary medicine.

Senator HILL. To what do you ascribe this, no one has made applications?

Dr. FENNINGER. Dr. Gallagher met with the deans of the school of veterinary medicine and he can speak directly to your question.

Senator HILL. We had strong testimony from representatives of these schools before our legislative committee in behalf of this legislation. Well, Doctor, why is it no one has made applications?

Dr. GALLAGHER. They are planning to make applications between now and this time next year. They have been gearing up to make application and several schools now have matching funds ready to make application for grants.

Senator HILL. But up to now I guess they have not had the matching funds; is that it?

Dr. GALLAGHER. Some of them had matching funds but have not been prepared to come in with an application.

Senator HILL. They have not had the plans?

Dr. GALLAGHER. No; not up to a point where they felt they could apply.

Senator HILL. I see. All right, Doctor, continue.

FUND REQUESTS EXCEED AVAILABILITY

Dr. FENNINGER. The demand for these funds far exceeds the availability. Twenty-eight applications requesting \$100 million in Federal assistance have been approved and are ready for funding. We estimate 26 additional projects requiring nearly \$100 million in Federal funds will be approved and ready for funding by June 30, 1967.

EXPRESSIONS OF INTENT TO APPLY FOR ASSISTANCE

In recent months we have received 116 expressions of intent to apply for Federal assistance under this program indicating that many more projects are in the active planning stage. These expressions of intent would require an estimated \$434 million in Federal participation.

NURSE TRAINING ACT OF 1964 (PUBLIC LAW 88-581) GRANTS

The Nurse Training Act of 1964, Public Law 88-581, authorizes grants totaling \$90 million over a 4-year period for the construction of new teaching facilities and the expansion, replacement, or rehabilitation of those which now exist. The \$25 million authorized for 1968 is requested of which \$10 million is for construction of collegiate schools of nursing, and \$15 million is for construction of associate degree and diploma schools of nursing.

The act provides that the Federal share for construction of new teaching facilities may be up to 66 $\frac{2}{3}$ percent of the total eligible cost and up to 50 percent of the total eligible cost for expansion or rehabilitation of existing facilities.

NURSING REQUIREMENTS

It is estimated that 621,000 nurses in the Nation are practicing their profession. At least 125,000 more active nurses are presently required. Each year the need increases. An extension of a study by the Surgeon General's Consultant Group on Nursing indicates that the Nation will require 1 million nurses in active practice by 1975.

Senator HILL. That is quite an increase, is it not?

Dr. FENNINGER. Yes, sir.

APPLICATIONS RECEIVED AND FUNDED

As of January 31, 1967, and during the 18 months that funds have been available under the Nurse Training Act of 1964, 99 applications have been received and 48 have been approved and funded. These 48 projects represent eligible construction costs of \$41,600,000 and Federal participation totaling \$23,600,000.

Upon completion of construction the projects will provide 1,932 additional first-year places. Five new schools of nursing will have been built and many more expanded. The demand for these funds far exceeds the availability. Twelve additional projects costing \$16,300,000 and requesting over \$9,200,000 in Federal funds have been approved but not yet funded.

Senator HILL. You have not had the funds; is that it?

Dr. GALLAGHER. Not enough funds to fund all of them.

Senator HILL. Are you asking for any of these funds in the supplemental?

Dr. FENNINGER. No, sir.

UNFUNDED APPLICATIONS AND LETTERS OF INTENT

Thirty-six other projects costing \$33,300,000 and requesting Federal funds of \$18,900,000 are awaiting Council action. Letters of intent show that many more projects are in the active planning stage. These projects would cost \$95 million with Federal participation amounting to \$56 million.

BUDGET REQUEST

The full authorization for 1968 of \$25 million is requested to increase the number of students of nursing and to reduce the critical shortage.

Senator HILL. That \$25 million would not be quite a half of the \$56 million; is that right?

Dr. FENNINGER. That is right; \$25 million is the full authorized amount.

Senator HILL. I realize that. You can't ask for more than you are authorized. Sometimes you can put in a little more but you can't ask for it.

ALLIED HEALTH PROFESSIONS PERSONNEL TRAINING ACT (P.L. 89-751)

NEW AND REPLACEMENT CONSTRUCTION

Dr. FENNINGER. The Allied Health Professions Personnel Training Act, Public Law 89-751, authorizes, among other things, project grants to assist schools in the construction of new and the replacement or rehabilitation of existing training facilities for the allied health occupations. These grants are essential in the national effort to increase the number, improve the quality, and enlarge the training opportunities for these extremely important members of the health team. Up to 66 $\frac{2}{3}$ percent of the eligible cost of new construction or major expansion, and up to 50 percent of the eligible costs of other construction may be provided by the Federal Government on a project basis to public and nonprofit private training centers for the allied health professions. The \$3 million requested will make it possible to initiate this program by providing construction grants to six or seven institutions in 1968.

Mr. Chairman, I shall be glad to answer any questions you may have concerning these programs.

BUREAU OF THE BUDGET REDUCTION

Senator HILL. I notice you speak of these extremely important members of the health team and I know you are sincere and I believe you have authorization for \$9 million and the budget requested only \$3 million; is that right?

Dr. FENNINGER. Yes, sir.

Senator HILL. That is quite a reduction; is it not?

Dr. FENNINGER. Yes, it is.

Senator HILL. The fact is, according to the figures I have here the budget reduced the Department's request for construction of health and educational facilities some \$16 million; is that right?

Mr. HAMBLETON. That is right, sir.

Senator HILL. I believe the Department went right along with the Public Health Service in requesting the \$219 million; is that correct?

Mr. HAMBLETON. Yes, sir.

Senator HILL. But then the budget cut down some \$16 million?

Dr. FENNINGER. That is correct, sir.

Senator HILL. Nobody down in the Budget Bureau needs health professional assistance?

DENTAL SCHOOLS BUDGET REQUEST

Now, Doctor, last year this committee had a proviso earmarking 20 percent of funds for the dental school. That was the figure originally specified for the dental schools.

This year I notice you propose the deletion of this earmarking. Why?

Dr. FENNINGER. We have given a good deal of consideration to it and Dr. Gallagher, who has been intimately involved in all of the programs in the Health Professions Educational Assistance Act, can speak to it.

Senator HILL. All right, Doctor.

Dr. GALLAGHER. We are quite concerned with the fact that we need many dental schools and that they are as important as our medical schools. We feel that any separation of money for any particular category has not only a tendency to segregate the money so we can't operate as well with it but it keeps us from giving it to the dental people who might need more money. The money can be used more flexibly if it is not in categories. We feel this is a hindrance to the administration of the funds.

Senator HILL. You feel the proviso we put in the bill last year interfered with the best operation of the program?

Dr. GALLAGHER. It didn't last year but we envision a possibility of this happening in the future. We feel that if the dental schools need more money, we can give them more in relation to the overall need.

Senator HILL. The proviso was not harmful in the past year?

Dr. GALLAGHER. No, sir.

Senator HILL. Of course, when I say "past year" we are in the past year, the present fiscal year.

Dr. GALLAGHER. Yes, sir.

Senator HILL. I want to thank you gentlemen very much.

DISEASE PREVENTION AND ENVIRONMENTAL CONTROL

STATEMENT OF DR. RICHARD A. PRINDLE, DIRECTOR; VERNON G. MACKENZIE, DEPUTY DIRECTOR; AND LYMAN MOORE, EXECUTIVE OFFICER, BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL; PETER J. BERSANO, FINANCIAL MANAGEMENT OFFICER FOR DISEASE PREVENTION AND ENVIRONMENTAL CONTROL PROGRAMS; DR. WILLIAM H. STEWART, SURGEON GENERAL; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

NATIONAL CENTERS FOR PROTECTION AGAINST HEALTH HAZARDS

Senator HILL. We will next hear from Dr. Prindle.

Doctor, glad to have you with us.

Dr. PRINDLE. Thank you, Senator.

Senator HILL. You may proceed in your own way, sir.

Dr. PRINDLE. Mr. Chairman and members of the committee, I am Dr. Richard A. Prindle, Director of the Bureau of Disease Prevention and Environmental Control. As you know, this Bureau is one of five created in the recent reorganization of the Public Health Service. Our Bureau consists of five operating units designated as national centers, each of which is dedicated to protecting the public against one or more health hazards of major importance. The Centers are:

National Center for Chronic Disease Control, National Communicable Disease Center, National Center for Air Pollution Control, National Center for Urban and Industrial Health, and National Center for Radiological Health.

RESPONSIBILITIES, PROBLEMS, AND GOALS

The Directors of the Centers will provide the details of their particular operating programs, progress being made, and their future objectives. I would like to present an overview of our general responsibilities, problems, and goals.

HEALTH PROTECTION

The mission of this Bureau is simple to state—health protection. Accomplishing that mission involves extremely complex problems. Our job is to provide—to the maximum degree possible—protection for the American people against preventable disease, injury, disability, and death. We classify the threats to human life, health, and safety with which we are concerned in three categories:

First is an ancient enemy comprised of the living agents of communicable disease—the bacteria, viruses, and protozoa which cause illness such as diphtheria, smallpox, syphilis, tuberculosis, and polio.

Second is a more modern enemy comprised of nonliving substances and forces permeating the environment in which we must live—the chemicals, pollutants, radiation sources, traffic and occupational hazards, noises and overcrowding produced by our industrial and urban society. A unique feature of certain chemical and radiation hazards is that they are a threat not only to the living but to all future generations as well.

Third are the chronic diseases which may be caused either by living or nonliving agents or by a combination of these. Here, we are concerned both with prevention and protection against further progress of existing illness.

DISEASES CONTROL

Senator HILL. Doctor, let me ask you a question. You said you made earnest progress as far as diphtheria is concerned the same way as I think about smallpox in this country and we made tremendous progress in polio reducing it down from thousands to what it was this year. What is that, do you recall?

Dr. PRINDLE. I am not sure of the exact number. It is 67.

Senator HILL. But we don't seem to have been able to obtain what we expected with tuberculosis a few years ago.

Dr. PRINDLE. This is correct. We are well aware we have had problems in solving that. I know Dr. Sencer will be happy to cover it in more detail. We are looking hard at our programs in both this and venereal disease, neither of which we are satisfied with at the present time.

Senator HILL. We had nothing like the results with those diseases that we had with these others?

Dr. PRINDLE. That is correct. I think we ought to mention the great success that we are having with measles at the present time is one of the examples of what can be accomplished and we would hope can be accomplished with the other conditions.

Senator HILL. I am looking forward to the same results with reference to Rubella.

Dr. GEHRIG. I think it is fair to say, too, in singling out tuberculosis, that it is unlike the other diseases you mentioned, smallpox and diphtheria. The only effective agent is in therapy. We don't have the prophylactic tool available which accomplished so much in the other areas.

Senator HILL. You don't have the vaccine; is that right?

BCG VACCINE

Dr. GEHRIG. That is right. No prophylactic.

Senator HILL. Are you working to get these?

Dr. PRINDLE. There is a good deal of controversy over BCG as a vaccine.

Senator HILL. I know. I think 5 or 6 or 7 years ago I read an article in the London Lancet, which I think is one of the most outstanding medical publications in the world, about BCG and in reading the article I thought we had found the answer. It didn't turn out that way.

Dr. PRINDLE. It has not for us. I am sure you are aware, Senator, we have had a number of advisory groups looking at it. Most recently we had another advisory group review our position on BCG and they

felt the same. It is not useful for the general program in the United States, where we don't have a large reservoir of infectious people. It is only useful in certain conditions where those individuals have very high exposure.

What we need is another approach for pinpointing the people who are suffering from the condition. Then, using chemoprophylactics and chemotherapy we can approach the problem in a more direct manner than we have in the past.

Senator HILL. You are working toward that end?

Dr. PRINDLE. Yes, sir.

SURVEILLANCE, EPIDEMIOLOGY, AND CONTROL

The basic weapons in protection against all three of these areas are (a) surveillance systems which can quickly detect excess occurrence of a particular disease in a particular population group; (b) epidemiological systems which can furnish evidence that a particular agent is causing the disease or injury; and (c) control systems which can either eradicate the agent, immunize the population against it, or interrupt the cycle by which man is exposed.

MALARIA, SMALLPOX, AND YELLOW FEVER CONTROL

In the fight against communicable disease, research scientists, medical practitioners, and public health agencies have steadily improved their methods for many decades. In particular, they have been brought to a high degree of perfection and applied with remarkable vigor at the Communicable Disease Center in Atlanta. As a consequence of National, State, and local work by health agencies and private medicine such dread diseases as malaria, smallpox, and yellow fever have been rare in this country for many years. Control of these diseases has materially contributed to the more than 20 years added to the average life expectancy of the U.S. population since 1900.

Senator HILL. Malaria was halted largely by licking the mosquito?

Dr. PRINDLE. That is correct. Of course, the approach in many of these kinds of problems of health protection is to look at the chain of events occurring and try to get to some point along the chain which we can lick, such as the vector, the host, as we mentioned earlier, or the agent itself.

COMMUNICABLE DISEASES CONTROL AND PREVENTION

Within the past decade similar progress in control has become possible, and is well underway with other communicable diseases, such as malaria, mumps, diphtheria, poliomyelitis, and, most recently, measles. With vigilance and effort we can bring other infectious diseases under better control and prevent the reappearance in epidemic form in this country of the dangerous diseases which are now under good control.

ENVIRONMENTAL POLLUTANTS

In the effort to provide a healthy environment, we are not so advanced. Because of the many and beneficial advances of science and technology and the rapid population growth of recent history, there has come also an alarming proliferation in possible health hazards that is continuing at an increasing rate. There are wide gaps in our knowledge of the health consequences to millions of people receiving chronic exposure to small amounts of chemicals and radioactive substances in the air they breathe, and water and food they consume. We know enough, however, to believe that severe results may occur among millions of people as time goes on, so that we cannot afford to take chances. The same technological and economic genius which created those environmental pollutants can and must bring them under control. To fail in this is to court health disasters greater by far than any of the great epidemics of the past.

HEPATITIS

Senator HILL. Doctor, in that connection, take hepatitis, in the old days, I don't recall hearing much about that.

Dr. PRINDLE. Certainly, this seems to be a condition that, if not more frequent, is certainly recognized more often. It is a problem of great concern to us in our concern with water supplies and their safety.

I think to a large extent, it seems to be one of the kinds of problems that will give difficulty for some time until we have a better way of analyzing and isolating the agent. At the present time we don't have a good technique.

CENTER INTERESTS IN ENVIRONMENTAL HEALTH HAZARDS

All five of our National Centers are interested in the most important of the health hazards in the present environment and three are concentrating on them—the Centers for Air Pollution, for Radiological Health, and for Urban and Industrial Health. Unsafe water and food supplies, accidents, occupational hazards, and the special problems of living and working in extremely cold climates are other examples of our environmental interest. The National Center for Urban and Industrial Health was created to focus our attention on these and other problems of cities and industries.

ADMINISTRATION OF CLEAN AIR ACT PROVISIONS

The National Center for Air Pollution will administer the provisions of one of the most recent and far-reaching pieces of legislation ever passed to improve man's environment—the Clean Air Act.

NEW YORK CITY STAGNANT AIRMASS

The importance to the public health of the air pollution problem is indicated by the episode that occurred last fall in New York City. On Thanksgiving Day a stagnant airmass settled over the city and pollution from two, and possibly three States collected rapidly. In spite of the fact that city officials warned persons with respiratory ailments to stay off the streets, an estimated 80 people died in excess of the normal death rate and hundreds more became ill before rain washed the air clean a few days later.

ANTICIPATED NEW ENVIRONMENTAL HEALTH HAZARDS

In addition to the threats of today, we are also concerned with anticipating and guarding against new hazards that will accompany further developments in industry and technology, and further growth of our cities.

Senator HILL. These cities are growing all the time?

Dr. PRINDLE. They certainly are, and there is no question that on the basis of much of our data the kind of illness we see nationwide seems to be highly concentrated in the cities even more than one would expect just from the normal population densities.

PROGRAM INVESTMENT ADVANTAGES

As a secondary objective we constantly remind ourselves that every forward step in making the environment safer and healthier also enhances the enjoyment of living in our cities, suburbs, and rural areas. We also remember that disease and injury extract an enormous economic tribute from society.

Senator HILL. It is part of the work to pick up so many?

Mr. PRINDLE. That is correct. And these are a major factor not only in deaths but in tremendous amounts of disability causing considerable amounts of hospitalization and significant loss of work.

Money and resources spent to prevent or reduce the incidence of disease, injury, and premature death is our most profitable social investment.

CHRONIC DISEASES

As progress has increased the life expectancy of the American people, it has also increased the number of people living long enough to fall victim to the diseases most prevalent in the middle and older years—the so-called chronic diseases. There is strong evidence, too, that prolonged exposure to environmental pollutants and the tensions of urban living are major factors in the constantly increasing occurrence of many of these diseases.

A few figures will indicate the magnitude of this problem. About 87 million Americans suffer from one or more chronic diseases. The worst chronic diseases are heart and circulatory disorders, cancer, and kidney diseases which together kill more than 1,300,000 annually. More than 16 million are affected by blindness, deafness, and other neurosensory disorders; 13 million have some form of arthritis or rheumatism and about 2 million are known diabetics. Although the four other of our Centers are concerned with some aspects of the causation and prevention of these diseases, the Center for Chronic Disease Control serves as the focal point not only for our Bureau but for the entire Public Health Service for protective programs in this area.

RESEARCH AND DEVELOPMENT, SURVEILLANCE AND TRAINING PROGRAMS

The Center for Chronic Disease Control engages in extensive research and development, surveillance, and training activity. It provides technical assistance and in other ways assists State and community health agencies, hospitals, and practicing physicians in improving their programs for preventing and controlling chronic dis-

ease. The Center is particularly charged with expediting the application of new medical knowledge and more effective and widespread methods for early detection and treatment.

UTERINE CANCER TREATMENT

The effort to reduce deaths from uterine cancer is a good example of how this Center works to promote more extensive use of known methods.

This form of cancer now kills about 14,000 women in this country each year. With more intensive application of existing methods for early detection and treatment of this disease, mortality could virtually be eliminated. As one example, through grants to hospitals and other institutions the Center has launched a program to insure that by 1973 the Papanicolaou uterine cancer test will be given routinely to more than 8 million women over age 25 who are admitted to hospitals each year.

PRACTITIONER PHYSICIAN UTILIZATION OF TREATMENT

Senator HILL. That sounds most interesting, Doctor. It is indeed good, but what about reaching these women who don't go to hospitals, you say it is too late?

Dr. PRINDLE. This is another part of the program. Here it is much more difficult for us because here we have to deal with the problem of training and encouraging the individual practitioners and individual clinics. We have programs along this line including training programs for the practitioner.

We have been working closely with the American Cancer Society and others in attempting to get out the information. I am sure Dr. Chadwick will be happy to discuss this further with you.

Senator HILL. All right, sir, continue.

RADIATION EXPOSURE

Dr. PRINDLE. As an example of how research and development conducted within one of our Centers may influence rapid transfer of new research knowledge to daily application, let me cite some work in progress within our National Center for Radiological Health. Experts in radiation biology are in agreement that all unnecessary radiation to the human reproductive cells during the reproductive years should be avoided in order to reduce the chance of genetic damage in future generations. In a nationwide study of diagnostic X-ray dosages to various parts of the body being received by the U.S. population, we learned that a significant but reducible overdose to reproductive tissues was being received by young men in the 15- to 29-year age group.

EQUIPMENT MODIFICATION

The study also identified improvements in equipment and procedures which would permit a 50-percent reduction in this exposure without affecting the medical value of the X-ray diagnosis.

Senator HILL. Let me ask you this. In terms of economic cost this improvement in equipment procedures—does it mean much in financing?

Dr. PRINDLE. Cost for the equipment itself?

Senator HILL. The equipment itself, yes.

Dr. PRINDLE. I think it is a rather small amount of cost that will be involved here. It is a modification that our own staff has developed which permits essentially the better focusing of the X-ray onto the film and is essentially a minor piece of equipment.

The Center staff has designed equipment which automatically achieves the desired exposure reduction. Now we plan to encourage the X-ray equipment industry to manufacture this device, and to persuade physicians and hospitals throughout the country to use it.

REGROUPING HEALTH PROTECTION ACTIVITIES

There are a number of scientific as well as administrative reasons why health programs directed against such seemingly diverse problems as chronic diseases, environmental hazards, and communicable disease were combined in our Bureau. A most significant fact thus recognized is that causes, effects, and control mechanisms involved in diseases and injury prevention are closely interrelated.

In regrouping the health protection activities of the Public Health Service we were guided considerably by the highly successful experience of the Communicable Disease Center. The Communicable Disease Center has developed very effective working relationships with the State and local health departments and the medical practitioners out on the frontlines of the battle for better health.

DIRECTING HEALTH PROGRAMS TO URBAN INDUSTRIAL SOCIETY

For the first time, the Public Health Service has brought together protective health programs to focus realistically on the problems of our increasingly mobile, urbanized and industrialized society.

Senator HILL. This was a most important step, wasn't it?

Dr. PRINDLE. Yes, sir; I believe it was, by giving us a chance to put together all of these kinds of programs of health protection focusing on the individual and his institutions.

Our mission of health protection is the fundamental purpose of public health today as it has been in the past and will be in the future, and we believe that our reorganization will bring efficiency to its maximum potential.

I will be happy to answer any questions you may have.

Senator HILL. You have just had the reorganization a short time?

Dr. PRINDLE. Yes, sir; effective January 1.

Senator HILL. So far you are well satisfied with it?

Dr. PRINDLE. Yes, sir; very much so. I guess one might say at this point we have completed our first 100 days under this reorganization, and so far, so good.

Senator HILL. I see. All right, that was a good statement, Doctor. Dr. Chadwick is next who will direct himself to chronic diseases.

Dr. CHADWICK. Yes, sir.

CHRONIC DISEASES

STATEMENT OF DR. DONALD R. CHADWICK, DIRECTOR; ACCOMPANIED BY DONALD G. RIEDESEL, EXECUTIVE OFFICER, NATIONAL CENTER FOR CHRONIC DISEASE CONTROL; DR. RICHARD A. PRINDLE, DIRECTOR; AND VERNON G. MacKENZIE, DEPUTY DIRECTOR, BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL; PETER J. BERSANO, FINANCIAL MANAGEMENT OFFICER FOR DISEASE PREVENTION AND ENVIRONMENTAL CONTROL PROGRAMS; DR. WILLIAM H. STEWART, SURGEON GENERAL; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

CHRONIC DISEASES [AND HEALTH OF THE AGED]

To carry out sections 301, 311, [314(e), 316,] 402(g), and 403(a) (1) of the Act, [and for expenses necessary for demonstrations and training personnel for State and local health work under section 314(c) of the Act,] with respect to chronic diseases [and health problems of the aged, for allotments and payments to States under section 314(c) of the Act for establishing and maintaining adequate public health services for the chronically ill and the aged, and for cooperating with State health agencies, and other public and private nonprofit institutions, in the prevention, control, and eradication of cancer, neurological and sensory diseases, and blindness by providing for consultative services, training, demonstrations, and other control activities, directly and through grants-in-aid, \$91,614,000, of which \$12,300,000 shall be available only for such allotments and payments to States under section 314(c) of the Act, and \$2,750,000 shall be available through June 30, 1968, for grants under title XVII of the Social Security Act, as amended], \$27,942,000.

Amounts available for obligation

	1967	1968
Appropriation.....	\$91,614,000	\$27,942,000
Transfer to "Operating expenses, Public Buildings Service," General Services Administration.....	-23,000	-----
Comparative transfer to:		
"Community health services".....	-6,932,343	-----
"Comprehensive health planning and services".....	-59,513,000	-----
"Hospitals and medical care".....	-171,000	-----
"Health manpower education and utilization".....	-397,000	-----
Unobligated balance brought forward.....	+630,343	-----
Total.....	25,208,000	27,942,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Grants		\$4, 074, 000		\$4, 512, 000		+\$438, 000
Research		3, 774, 000		4, 212, 000		+438, 000
Training		300, 000		300, 000		
Direct operations	983	21, 028, 000	974	23, 430, 000	-9	+2, 402, 000
Cancer control	251	3, 050, 000	242	3, 160, 000	-9	+101, 000
Smoking and health	37	2, 075, 000	37	2, 075, 000		
Diabetes and arthritis control	90	1, 662, 000	90	1, 730, 000		+68, 000
Heart disease control	400	7, 021, 000	400	7, 021, 000		
Respiratory disease control	32	1, 139, 000	32	1, 175, 000		+36, 000
Neurological and sensory disease con- trol	90	1, 624, 000	90	1, 659, 000		+35, 000
Preventive services	28	665, 000	28	665, 000		
Kidney disease control	55	3, 783, 000	55	5, 945, 000		+2, 162, 000
Total obligations	983	25, 102, 000	974	27, 942, 000	-9	+2, 840, 000
Unobligated balance, reserve		106, 000				-106, 000
Total obligations and balance	983	25, 208, 000	974	27, 942, 000	-9	+2, 734, 000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions	983	974	-9
Full-time equivalent of all other positions	67	74	+7
Average number of all employees	842	870	+28
Personnel compensation:			
Permanent positions	\$7, 466, 000	\$7, 746, 000	+\$280, 000
Positions other than permanent	452, 000	452, 000	
Other personnel compensation	25, 000	25, 000	
Total personnel compensation	7, 943, 000	8, 223, 000	+280, 000
Personnel benefits	1, 001, 000	1, 021, 000	+20, 000
Travel and transportation of persons	1, 129, 000	1, 129, 000	
Transportation of things	154, 000	154, 000	
Rent, communications, and utilities	236, 000	265, 000	+29, 000
Printing and reproduction	149, 000	149, 000	
Other services	587, 000	587, 000	
Project contracts	8, 886, 000	11, 023, 000	+2, 137, 000
Services of other agencies	423, 000	356, 000	-67, 000
Payments to—			
“Public Health Service management fund”	103, 000	128, 000	+25, 000
“National Institutes of Health management fund”	22, 000	22, 000	
Supplies and materials	228, 000	228, 000	
Equipment	167, 000	145, 000	-22, 000
Grants, subsidies, and contributions	4, 074, 000	4, 512, 000	+438, 000
Total obligations	25, 102, 000	27, 942, 000	+2, 840, 000

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1273

Summary of changes

1967 enacted appropriation-----	\$91,614,000
Transfer to "Operating expenses, Public Building Service," General Services Administration-----	-23,000
Unobligated balance brought forward-----	+630,343
Comparative transfer to:	
"Community health services"-----	-6,932,343
"Comprehensive health planning and services"-----	-59,513,000
"Hospitals and medical care"-----	-171,000
"Health manpower education and utilization"-----	-397,000
Unobligated balance, reserve-----	-106,000
1967 total estimated obligations-----	25,102,000
1968 estimated obligations-----	27,942,000
Total change-----	+2,840,000

	Base		Changes to base	
	Posi- tions	Amount	Posi- tions	Amount
INCREASES				
A. Built in: Annualization of 65 new positions authorized in 1967-----				\$329,000
B. Program:				
1. Research grants-----		\$3,774,000		438,000
2. Expansion of kidney disease program-----		3,783,000		2,137,000
3. Pro rata share of Public Health Service management fund-----		103,000		25,000
Total program increases-----				2,600,000
DECREASES				
A. 1 less day of pay (261 days in 1967; 260 days in 1968)-----				-22,000
B. Cytology laboratory-----	9	67,000	-9	-67,000
Total decreases-----			-9	-89,000
Total net changes requested-----			-9	+2,840,000

EXPLANATION OF CHANGES

Research grants

An increase of \$38,000 will provide for six additional non-competing continuation awards. The major emphasis will continue to be in applied research directed toward the development of new preventive measures for the control of death and disability resulting from chronic diseases.

Kidney disease control

A net program increase of \$2,137,000 will permit continued and expanded support of kidney home dialysis programs. The kidney home dialysis programs will support an estimated 500 patients in 1968 as compared with 80 in 1967, and will provide an opportunity to further develop and test this extremely promising method of artificial kidney therapy.

INTRODUCTION

The mission of the National Center for Chronic Disease Control is to advance the nation's health by preventing and controlling chronic diseases such as cardiovascular diseases, chronic respiratory diseases, cancer, diabetes, arthritis, chronic kidney diseases, and neurological and sensory disorders. It also includes the National Clearing House for Smoking and Health and other preventive health programs directed toward the development of good health practices—periodic physical examinations for instance—to prevent development of disease and disability in the later years of life. The Center is concerned with diseases which include seven of the ten leading causes of death and 12 of the 25 leading causes of disability.

The National Center for Chronic Disease Control was established on January 1, 1967 when the Service was reorganized. It includes all of the programs of the previous Division of Chronic Diseases with the exception of the mental retardation and gerontology programs which were transferred to the new Bureau of Health Services.

Our mission will be accomplished through applied research to develop new and improved approaches to the prevention and control of chronic diseases; technological development to translate or adapt basic research findings in specialized chronic diseases into new and improved processes or procedures to permit the application in communities of these new approaches; training of professional and technical personnel in specialized categorical activities; and operation of programs for primary prevention and early detection of chronic diseases. It is also accomplished through the establishment of standards and guidelines for the operation of programs and provisions of services for the prevention and management of these specific chronic diseases.

Grant programs fund research and research training projects at nonprofit organizations or institutions. In 1968, 57 research projects will be supported as compared to 51 in 1967. Seven research training projects will be supported in 1968, the same number as in 1967.

Direct operations programs provide intramural research, training of specialized health personnel, and program consultation and technical assistance directed toward State and local health agencies and voluntary organizations.

In 1968, an increase of \$2,162,000 is requested for continued and expanded kidney disease contract support of home dialysis programs. The number of patients receiving this life saving artificial kidney treatment will be increased from 80 to an estimated 500. The major objectives will be to test and develop home dialysis, provide training for medical and paramedical personnel and for the patients, families, and local physicians involved in these artificial kidney programs.

Grants

	1967 estimate	1968 estimate	Increase or decrease
Research.....	\$3, 774, 000	\$4, 212, 000	\$438, 000
Training.....	300, 000	300, 000	-----
Total.....	4, 074, 000	4, 512, 000	438, 000

Research grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Noncompeting continuations.....	37	\$2, 787, 000	43	\$3, 225, 000	+6	+\$438, 000
2. New grants.....	14	942, 000	14	942, 000	-----	-----
3. Supplementals.....	(5)	45, 000	(5)	45, 000	-----	-----
Total.....	51	3, 774, 000	57	4, 212, 000	+6	+438, 000

The demand for support of research into the community aspects of the prevention and control of chronic disease and disability has grown rapidly.

It is of prime importance that techniques be developed which will effectively prevent or delay the onset of disabling chronic illness, since ultimately the most efficient and humane way to deal with the problem of chronic diseases is through prevention rather than through treatment after the fact. Increased funds are requested to expand this important program. New projects initiated in 1966 included an evaluation of chest X-ray screening for lung cancer; an evaluation of treatment of gynecologic cancer in various types of hospitals; studies of exercise in the treatment of chronic lung disease; a study of the relationship of streptococcal skin infections to kidney disease; the relationship of stress to cardiovascular disease; and, various studies aimed at improving the operation of clinical pathology laboratories.

Examples of research to be supported in 1967 are studies in the prevention of heart disease through an organized program of diet control, physical activity and medication; the evaluation of several new approaches to screening for incipient disease; and evaluation of new approaches to the provision of laboratory services.

The \$4,212,000 requested for 1968 will fund 43 continuing grants and 14 new awards. The major emphasis will continue to be in applied research directed toward the development of new preventive measures for the control of death and disability resulting from chronic diseases.

Training grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Continuations.....	6	\$272,084	7	\$300,000	+1	+\$27,916
2. New grants.....	1	27,916	-----	-----	-1	-27,916
Total.....	7	300,000	7	300,000	-----	-----

The program is designed to provide predoctoral and postdoctoral training of investigators for research in chronic diseases. These grants generally support the salaries of the teaching staff; provide stipends and tuition for students; and funds for equipment, supplies and other expenses.

Chronic diseases research training projects are planned to be integrated around sophisticated and experienced research investigators who have demonstrated their productivity in applied or community type medical research problems and are employed in two or more departments of a university. In most cases, these senior professional staff are participating in research projects which serve as a model to the student and allow an opportunity for on-the-job experience. Typically, these projects are based in a community and affiliated with health or medical institutions so that the student must learn to master all of the aspects of this type of community research. Also, the student must develop his own research project and carry this out independently under the review and supervision of the professional staff. One project which has been supported and is typical in many ways is a project which involves cooperation between three social science departments (anthropology, psychology and sociology) and a school of public health and preventive medicine. Students are selected from each of these areas; however, they receive core training in public health and preventive medicine. The students work on such problems as stress and hypertension, social and economic aspects of the rehabilitation of coronary heart disease patients, distribution of patients with cancer in selected population sub-groups, and identification of high risk groups for selected chronic diseases.

The need for chronic disease research specialists in preventive medicine, epidemiology, behavioral sciences, biostatistics, biomedical engineering, computer science, medical specialties and other health related disciplines is constantly growing. The Center increased its support of research grant projects from 39 active in 1964 to 51 at the end of 1967. Almost every project staff could be considerably enhanced by the addition of a person trained in one of these specialties. In addition, State and local health agencies are seeking competent professional research investigators in areas which will be supported. Students trained in these projects generally require two to three years of training. Approximately 20 students will be trained directly in 1968 and will write reports or dissertations on a chronic disease problem. This compares with 20 persons trained in 1967 and 8 in 1966. Many more students will benefit indirectly since they will receive training through some aspect of the projects.

This program was initiated in 1965 with \$100,000 which funded three projects. In 1966, \$200,000 supported three additional projects. At the end of 1967, \$300,000 will be supporting a total of seven projects. The projects are all in high priority fields such as sociology, epidemiology, and public health.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	983	\$8,944,000	974	\$9,244,000	-9	+\$300,000
Other expenses.....		12,084,000		14,186,000		+2,102,000
Total.....	983	21,028,000	974	23,430,000	-9	+2,402,000

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Cancer control.....	251	3,059,000	242	3,160,000	-9	+101,000
Smoking and health.....	37	2,075,000	37	2,075,000		
Diabetes and arthritis control.....	90	1,662,000	90	1,730,000		+68,000
Heart disease control.....	400	7,021,000	400	7,021,000		
Respiratory disease control.....	32	1,139,000	32	1,175,000		+36,000
Neurological and sensory disease control.....	90	1,624,000	90	1,659,000		+35,000
Preventive services.....	28	665,000	28	665,000		
Kidney disease control.....	55	3,783,000	55	5,945,000		+2,162,000
Total.....	983	21,028,000	974	23,430,000	-9	+2,402,000

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Cancer control.....	251	\$3,059,000	242	\$3,160,000	-9	+\$101,000

The general mission of the Cancer Control Program is to accelerate and assist in the reduction of death and disability from cancer. The state of the art provides few means for controlling cancer through primary prevention of the disease. However, relatively high survival rates result when cancers of certain types and sites are detected at early or localized stages of the disease. The major thrust of the Cancer Control Program is toward improved early detection of these cancers.

Cancers of the uterus, breast, head and neck, lung, and colon and rectum accounted for an estimated 49% of all cancer deaths (147,000 of 296,000) in 1965. These five site groups receive most of the attention of the cancer control program. In all of these except cancer of the lung, statistics show much higher five year survival rates for cases treated early than for those detected at later stages. Our staff, supplemented as necessary by contractors having special capabilities and resources, explores and develops needs and opportunities for improving the nation's control of cancer and backs up and evaluates the cancer control activities of voluntary and governmental public health and medical care agencies and institutions.

Grant supported projects are a significant part of the public health cancer control effort. In 1967, it is estimated that 506 project awards totaling \$14,500,000 will be made. In 1968 the request for funds to support project grants in cancer control is included in the discussion of project grant requirements generally in the appropriation "Comprehensive health planning and services." These projects pursue lines of activity charted from the Cancer Control Program's analyses of needs and opportunities for demonstration of cancer control methods, training in cancer control, and development of promising leads to improvement in specific aspects of the detection and treatment of cancer or its effects.

Project grant program studies

Observation of the performance of project grant programs and the problem to which they are directed is a continuing function of the program. From collections of comparable data from the cervical cancer control demonstration projects, for example, it has been confirmed that there is an inverse correlation between socio-economic status and the incidence of cancer of the uterine cervix, and this has enabled us to determine a probable rate of casefinding in screening of a population group roughly identifiable as the medically indigent. With these data it was possible to estimate the probable results of a proposed screening program for women of this group. It was found that the proposed program should be expected to find and cure more than 34,000 cases of early (in situ) cancer. Observation of these demonstration projects also showed that the effects of such screening on the local cervical cancer death rate do not become apparent immediately. This is because the very early cases that were found and cured would not have resulted in the deaths of the victims until an average of ten years later. Under economic analysis which took into account this "deferral" of benefits the study showed that the proposed program could be expected to yield \$9 in preserved earning power and savings in medical and hospital care for each grant dollar invested.

In another form of problem observation conducted by periodic surveys of laboratories performing cytological examinations, the program has been able to compute goals for the cytotechnology training program. Computations from the 1963 survey show that training 500 new cytotechnologists per year will offset attrition and expand the national work force to keep pace with the growing utilization of cytology in cancer detection as observed in that survey.

Studies of cancer detection opportunities

The cancer control program also has a continuing concern with the procedures by which early cancer are detected, and the aids to detection employed in these procedures.

In a pilot project in endoscopy, the program has had two flexible proctosigmoidoscopes developed by contractors. Beginning near the end of fiscal year 1967, these instruments will be tested under contract by qualified medical centers and evaluated for effectiveness and training requirements. The instruments use fiberoptics to attain flexibility, small diameter and deeper penetration into the colon than is possible with the conventional instrument. Already, it seems apparent that greater flexibility and lower cost would be possible if plastic materials could be substituted for the glass now used in the optical fibers. The program is now seeking contractors to do the engineering necessary to produce plastic optical fibers adaptable not only to the proctosigmoidoscope but also to endoscopes employed in cancer examinations of the larynx, esophagus, stomach, and bronchi. Meanwhile development of materials and plans for offering physicians training in the use of the proctosigmoidoscope are already in progress. The objective of the entire endoscopy program is to increase the number of examinations performed by providing instrumentation that is easy and effective to use. To achieve this objective expeditiously, it is necessary to show physicians how the instruments are used when they become available.

Breast cancer detection also is under study. The development of mamography—X-ray examination of the breast—has not made this technique itself into an early detection procedure. It has, however, provided an important tool for evaluation and development of breast examination by other means. Field studies are now going forward in projects supported by grants and contracts.

Detection of cancer of the uterine cervix

To test and develop guides for the use of cervical cytology in the office of the family physician, the American Academy of General Practice has initiated a national study project. Groups of Academy members in 34 States are participating. The cancer control program is providing statistical services and consultation to the project. By the end of December 1966, the number of examinations reported has passed 240,000. Suspicious or positive results were found in 3,481 of these examinations. Diagnostic follow-up so far has shown 233 of these cases to be cancer, while 501 were shown to be non-cancerous conditions. Diagnostic reports still were incomplete on 2,747 cases; if these eventually follow the pattern of the diagnosis already reported, the project will have detected more than four cases of cancer per 1,000 women examined. Of the entire 240,000 women examined to date, 35% were receiving their first "Pap" test. It will take another year to complete this project as planned. The Academy is considering extending it.

Health maintenance programs

The cancer control program is participating with other Center programs in contractual experimental health maintenance projects in a community hospital and a medical school hospital. These projects are testing and developing data on the association of individual health hazards such as cancer, coronary heart disease and others with specified characteristics of personal and familial histories and life styles. The projects seek to evaluate the use of such data as guides to health maintenance for the individual.

Continuing education for physicians

There is a widespread interest in continuing medical education for practicing physicians. This interest is accompanied by considerable uncertainty as to the values of various plans and methods for helping the physician update his practices. The cancer control program contracts for and studies continuing education projects of several kinds, seeking to identify the specific values of various approaches. Closed circuit television to hospitals, intermittent courses administered cooperatively by State medical groups and medical schools, and long-term community hospital cancer programs are the principle types of programs under observation in 1967 and 1968.

Public education

Public education is necessary in order to encourage people to obtain early diagnostic examinations. During 1967 and 1968 the cancer control program will contract with selected sponsors of demonstration projects and other institutions, to develop ways of realizing the potential of these projects in local public education. A major seminar will bring together leading health education and medical authorities on cancer for this purpose at the University of Michigan. In 1967 the program will also plan and contract to produce public education films and publications. In 1968 the program will seek and observe application of the patterns and material so developed in a large number of educational efforts. Local efforts will be reinforced by national distribution to the press, radio and television of cancer control information of general interest. In these activities, the Cancer control program will seek to cooperate with and buttress the programs of voluntary and State health agencies, national labor and civic organizations, and others.

The net increase of \$101,000 is for "Built-In" changes, which are partially offset by a program decrease.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Smoking and health.....	37	\$2, 075, 000	37	\$2, 075, 000	-----	-----

A national effort was initiated in 1966 to combat what has become one of the most serious health problems of recent history. The National Clearinghouse for Smoking and Health, which was established to spearhead this effort in the Public Health Service, has begun activities in three basic areas as a means of implementing this national program: (1) the development of a broad comprehensive program of information on smoking and its relation to health; (2) research in the behavioral, psychological and social aspects of smoking; and (3) assistance to State and local communities in the development of programs to reduce death and disability associated with smoking.

The health information program is designed to provide a complete comprehensive, responsive source of material for dissemination to scientific, professional and public audiences. During 1967 means will be employed to expand the systematic collection, review and evaluation of newly published scientific and technical data. Current methods of dissemination will be modified and supplemented through publication of periodic and special reports, including a report to Congress, July 1, 1967, and annually thereafter, as required under the Cigarette Labeling and Advertising Act. The National Clearinghouse is also initiating a broad based program of public information. In addition to collecting, evaluating and publicizing the availability of materials produced by other sources, the Clearinghouse is initiating the production of films, pamphlets, television programs and other materials for mass distribution.

Epidemiologic research is being undertaken in an effort to learn more regarding the basic behavioral, psychological and social aspects of smoking. In order

that effective procedures to bring about significant changes in smoking habits may be introduced, we need to know more about the basic characteristics of smoking behavior. Primary emphasis in 1967 will be placed on the evaluation of the results of basic studies and the development of methods which will be effective in helping individuals change their smoking habits.

Coupled with the more basic research, an effort has been launched to develop effective community approaches to the smoking and health problem. Primary emphasis has been given to the encouragement of an interagency approach due to the large number of community groups with a responsibility in the area.

The greatest deterrent to programs in the control of cigarette smoking has been pessimism as to their effectiveness. The grass roots demand is for effective programs and materials—not just for any kind of programming.

By 1968 results of the research and development carried out during 1966 and 1967 will have provided a definition of more effective tools which can be applied at all levels—particularly the community level.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Diabetes and arthritis control.....	99	\$1,662,000	90	\$1,730,000	-----	+\$68,000

Arthritis

Since rheumatoid arthritis is the nation's number onecrippler, major effort has been devoted to this disease. With proper application of currently available information, severe disability can be delayed for five years. With continued investigation of methods of applying available knowledge it is probable that this period of delay can be lengthened. The five year delay is the result of progress against this crippling disease in recent years. Studies will (a) develop reproducible and valid techniques for measuring joint function and strength, (b) develop and test better methods for early detection of the arthritis victim, (c) define the characteristics and problems of individuals with specific forms of arthritis, and (d) develop valid incidence and prevalence information concerning other forms of arthritis.

Emphasis will also be given to the development of better methods for the detection of gout-prone individuals, as acute attacks of gout can be prevented or limited in duration. Since these individuals are also prone to kidney stones, early detection can have a significant effect on morbidity and mortality from this condition.

Diabetes

Diabetes continues to rank as the eighth leading cause of death and the third cause of blindness in the United States. But this is only a part of the seriousness of the problem. Thousands of additional diabetics die prematurely from other conditions, such as cardiovascular and renal diseases, caused or aggravated by diabetes. Nearly two million diabetics are yet to be discovered and therefore are without the benefit of treatment. Many of the nearly two million diagnosed diabetics are not maintaining proper control of their disease due to the absence or inadequacy of existing patient and professional education programs at the community level. Diabetes casefinding, while increasing, is still not being done on a scale proportionate to the problem. Casefinding without patient services at the community level also fails to meet the problem.

During 1968, work begun in a model community will be continued. This is a community where proper casefinding techniques are applied, where the level of professional awareness of the problem is conducive to good management, where the public, including police officers and others likely to encounter a diabetic in distress, is aware of the problem and where the patient is properly versed in the methods of maintaining metabolic balance and recognizing crises.

It is expected that the results of this study will demonstrate the benefits that can derive from such concerted community awareness and action.

Programs operating in 1967 are designed to assist States and communities to meet these inadequacies. Twenty-five State and local health agencies during the past year have converted to automated quantitative blood testing procedures, utilizing for the most part formula grant funds to acquire the necessary equip-

ment. Reported screening continues to increase and, more importantly, quality of yield has been progressively improving each year.

Additional emphasis will be placed on more reliable diabetes test methods. Both headquarters and the field research personnel will continue to develop, test and evaluate methods and techniques of detection, diagnosis and control.

The increase of \$68,000 is for mandatory changes, including the annualization of 10 positions new in 1967.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Heart disease control.....	400	\$7,021,000	400	\$7,021,000	-----	-----

Diseases of the heart and circulatory system are the leading causes of death and illness in this country. In 1965, 989,130 people died from cardiovascular diseases and according to the National Center for Health Statistics, an estimated 15,000,000 people have one or more cardiovascular disease in a diagnosable form. During fiscal year 1966 it is estimated that cardiovascular diseases caused about 429,000,000 days of restricted activities or more than 1,000,000 man-years of disability.

Epidemiology

During 1968, the principal effort of the Heart Disease Control Program will be directed toward population studies to obtain knowledge and information which will aid in the development of methods to prevent and control the cardiovascular diseases. These studies will be designed to contribute to our knowledge of how and why such diseases as atherosclerosis and hypertension develop and progress. Changing patterns of disease over time, differences in death rates between various geographical areas and different rates of disease occurrence between various socio-economic groups will be studied. Further definition will also be sought for those factors which increase the susceptibility of certain individuals to heart diseases or strokes.

These studies will incorporate activities pertinent to the development of case-finding, diagnosis, management, prevention and rehabilitation techniques. For example, epidemiological methods will be employed to determine the value of removing or reducing factors which have been identified with increased susceptibility or increased risk of developing heart disease.

Field trials and demonstrations

Techniques or methods which show promise in preventing, controlling or detecting heart disease in an early stage, under controlled conditions, will be tested and refined in a representative community population. In addition to measuring actual effectiveness, such field tests are necessary to ascertain compatibility of the control measures with community attitudes, customs and institutions, as well as to determine their acceptance by the physicians and other health professions who will be ultimately responsible for applying them.

Special technology

Emphasis will be given to the development of special techniques and instruments to support the program's population studies and field trials. Modern electronic devices, biochemical tests, psychometric instruments and data processing techniques will be adapted to the problems of finding, diagnosing and evaluating persons with cardiovascular disease. These devices will reduce the costs and professional time required to measure the early and perhaps less obvious effects of intervention measures. This technology may be employed to evaluate ongoing community cardiovascular control efforts. Its widespread application also holds promise of a considerable saving of physician time, by relieving them of many routine tasks, such as regular health appraisal.

Coronary care training and demonstration

Activities begun in 1966 and 1967 as initial steps in the development and evaluation of training programs for personnel to staff coronary care units will be continued. These efforts are necessary to determine optimum patterns of student selection, teaching methods, course effectiveness, and production of trainees. These activities are intended to demonstrate and establish standards of quality

and quantity for coronary care unit training programs and facilities thus leading to plans to meet the total needs. In addition programs will be continued to develop, evaluate, and demonstrate the provision of special care services for coronary patients in small community hospitals.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Respiratory disease control.....	32	\$1, 139, 000	32	\$1, 175, 000	-----	+\$36, 000

In 1952, emphysema and chronic bronchitis, the major chronic respiratory diseases, killed a reported 3,846 persons. By 1962, reports listed 15,915 deaths and in 1964 more than 20,200. Authorities also believe these diseases were responsible for an additional 62,600 deaths, for a total of more than 82,000 in 1964 alone. During 1963, the Social Security Administration declared 14,897 workers were totally and permanently disabled from these diseases, an increase of 2,523 over the number certified in the previous year. The annual cost of disability payments to these workers is now estimated at \$90,000,000. The National Health Survey reported that between July 1962 and June 1964, nearly 3,000,000 individuals with bronchitis and/or emphysema visited their doctors for treatment.

The Congress, recognizing this trend as a serious menace to the nation's health, provided \$1,000,000 in 1966 for the establishment of a chronic respiratory diseases control program. In the first year, the program initiated model demonstration and training projects in five locations across the country. Retrospective studies of 4,000 medical records from three chest clinics will permit an evaluation of the benefits of various regimens of treatment for emphysema and chronic bronchitis. Intensive educational campaigns have been directed towards the general public. Latest knowledge of standard control methods has reached 150,000 individual physicians in the nation. Training projects reached 285 physicians, 300 nurses and 115 ancillary personnel in short-term courses designed to increase and update their knowledge in the management of chronic respiratory diseases.

In 1967, the budget increase provided will permit continuation and expansion of programs initiated in 1966. Close coordination of efforts with other respiratory disease programs within the Public Health Service, other Federal agencies and voluntary organizations in program planning and execution will result in the most effective use of available funds and personnel. The number of additional physicians, nurses, and ancillary personnel receiving short-term, intensive training will increase to 875 in 1967. Evaluation of mass screening techniques, diagnostic validation, modes of treatment, rehabilitation, and after-care will continue as currently planned.

In 1968, emphasis will be placed on providing criteria for program planning in the chronic respiratory diseases and realistic standards for secondary prevention, detection, treatment and rehabilitation in these diseases. Consultation and advice will be provided to assist health agencies, hospitals, physicians and other medical workers in planning for and providing optimum control services at the community level.

Vigorous efforts will be directed to the dissemination of the findings of the National Tuberculosis Association—Public Health Service Task Force on Emphysema and Chronic Bronchitis, and the encouragement of State agencies to incorporate the recommendations thereof into State plans for the control of these diseases.

Although basic and applied research in these diseases should be expanded in the future, even the present level of research productivity results in an extensive medical literature on this subject. These reports are published in many different medical journals related to separate disciplines. Keeping informed of contemporary knowledge presents an almost impossible task for clinicians and investigators in this field. New knowledge must be disseminated more promptly and effectively in order to improve patient care and to provide a basis for continuity of research efforts. Within available resources, some assistance in assembling and distributing such information will be attempted.

A "built-in" increase of \$36,000 for annualization of 5 positions new in 1967 is requested.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Neurological and sensory disease control..	90	\$1, 624, 000	90	\$1, 659, 000	-----	+\$35, 000

The mission of the program is to provide a national focus for the prevention, control, and eradication of diseases in three major program categories—neurology, vision, and communicative disorders. Approximately 5,500,000 people have neurological disorders, 3,000,000 have visual disorders, and 7,500,000 have communicative disorders. Many people suffer from a combination of these disabilities.

The methods employed in this effort are the support of studies and applied research programs; the support of demonstration programs in the more effective organization of services and the support of training programs to increase the numbers and quality of medical and allied medical personnel; the provision of specialized consultation to officials of State, local, academic and related agencies and institutions; the developing of public information programs, and the dissemination of promising research results to professionals.

In 1968, the efforts already underway will continue to show significant results in improving the quality of services available to people with neurological impairments.

Studies and demonstrations offer both an immediate and long-range hope for significant “breakthroughs” in the development of new techniques and instrumentation and the development of patterns of more effective use of personnel through better organized services. New devices, diagnostic techniques, and instruments and patterns of service will be evaluated and their merits and limitations made known to professionals in the field.

Minimal brain damage, associated with learning disorders, has only recently been widely recognized as a health and educational problem. Currently, an evaluation of diagnostic techniques for minimal brain damage is being conducted, and in 1968 an interim report will be available. This study will evaluate various screening instruments for detecting this disorder and will provide an initial assessment of the most effective tools to use for diagnosis. If such disorders can be properly diagnosed in the infant or small child, appropriate teaching techniques can be used to prevent unnecessary handicaps.

In 1968, the results of a study which tested the calibration of 100 audiometers in use in schools, clinics, and elsewhere in North Carolina will be published. The results of the study indicate that most of these audiometers are out of calibration, severely limiting their accuracy. This report will be used to alert great numbers of hearing personnel as to deficiencies in critical instrumentation.

A study will be completed in 1968 which will indicate the availability and utilization of eye bank facilities vital in corneal transplant operations. The initial findings from this study indicate that there are backlogs of people needing this operation in several sections of the country. In 1968, these findings will be evaluated and recommendations will be developed to determine the most effective way to eliminate these deficiencies.

Evoked-response audiometry is a technique which permits the audiologist, by observing brain waves, to determine hearing loss in people too young or physically or mentally impaired to offer verbal response.

The methodology to test this technique has only recently become available through the application of high speed computers. A three-year study has been undertaken to test the feasibility of this technique for use as a screening device on a widespread basis.

The organization of services in the community can be the major determinant in the provision of effective service. A continual evaluation of programs which have been supported is underway. Communities, academic institutions, State and other agencies will be advised of potential areas of difficulty and of factors contributing to success in establishing community programs. Communities will be in a better position to plan more effectively and efficiently based upon the experience of related programs in other geographical areas.

Satellite clinics affiliated with medical centers have been supported in vision, speech and hearing, and neurology. The satellite programs make highly specialized service more widely available. The program will appraise the effectiveness of satellite clinics based upon the operation of these programs now in various stages of development. The results of these analyses will be made available to the respective professional disciplines and to interested health agencies.

A comprehensive demonstration program for the treatment of epileptics will be continued in 1968. This program includes a full range of allied medical disciplines (nursing, social work, psychology) supporting the neurologist. The program was established in Phoenix, Arizona, a community of 800,000 people. In 1968, an intensive analysis of the program will be completed. Interim results indicate that this program is accepted by the community and will be continued after termination of the contract. This project has received widespread visibility throughout a large geographical area, and has served as a model for several presently developing programs in other locations throughout the country.

The program has supported specialized professional and technical training programs in eras of its mission, including speech pathologists and audiologists, electroencephalographic technicians, ophthalmologists, neurologists, and otolaryngologists. It has provided training for general practitioners and internists in specialized techniques such as use of tonometers for glaucoma testing.

The nature of most neurological and sensory diseases requires a number of allied disciplines supportive of the physicians. Two important team members are nurses and social workers. Programs in neurological nursing are supported at the University of California Medical Center at San Francisco, New York Medical College, and the University of Florida. These programs offer the first opportunity in this country for nurses to become highly specialized in providing services to neurologically stricken people and should provide plans and curricula for filling national needs. In 1968, these programs will be well established and an increasing number of qualified nurses will be available. An evaluation of these programs will be conducted and the results will receive widespread dissemination.

Social workers perform an equally critical role. The program has supported four graduate schools of social work in introducing neurological and sensory content into their curricula for all students and provides learning opportunities in field placement settings serving these disabilities. The four programs which represent the only effort now being made to train social workers in the socio-medical aspects of physical chronicity, will be evaluated by project directors, consultants, and program personnel, and in 1968, a report on the experience will be widely distributed within the profession.

The requested increase of \$35,000 is for the annualization of 7 positions new in 1967.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi-tions	Amount	Posi-tions	Amount	Posi-tions	Amount
Preventive services-----	28	\$665,000	28	\$665,000	-----	-----

The current system of medical practice in this country, with its emphasis on treatment of acute illness, together with the shortage of physicians, has failed to provide preventive health services to a large segment of the adult population—the group most prone to chronic disease with its attendant and increasing incidence of both disability and mortality. The adult counterpart to the pediatrician's well-baby clinic is generally not available for preventing chronic disease and its resulting disability.

Typically, an adult patient seeks treatment for an acute episode and then drops out of the medical care system until another episode brings him again to medical attention. There is no general systematic approach to periodically examining patients for incipient chronic disease, or for establishing baseline chemical and physical measurements which can be used for comparative purposes throughout the patients' lifetime. In summary, prevention of chronic disease and disability is not incorporated into the practice of medicine in this country as we know it today. Our ultimate goal is to develop systems, standards, and trained manpower to a point each person in our country will receive high quality periodic health examinations as a normal part of his way.

During the next five years, we hope to conduct the necessary research to develop basic systems. This will include research to determine the character of the systems, the timing of introduction and methods of measuring progress. Standards of periodicity and content of a health appraising examination, by age group, will also be developed.

Our current major efforts have been directed toward the development of an automated screening laboratory for obtaining the basic physical, chemical and medical history profiles required by a physician performing a health protection examination. The Kaiser Permanente Group located in the San Francisco Bay area, has developed and demonstrated, with project grant support from the National Center for Chronic Disease Control, the feasibility of using an automated, computerized approach to the laboratory examination of large numbers of people in preparation for a physician's evaluation. With the successful demonstration of the automated multiphasic laboratory, the Center is now supporting the Kaiser Permanente project with a research grant to identify precursors of chronic disease, and investigate preventive medical methods for more effective detection, prevention, and control of chronic diseases.

The application of the chemistry profile element of the automated multitesting laboratory is being studied in a hospital setting, Pueblo, Colorado, where it is planned to have physicians make use of this service for their office patients.

During 1968, work will continue towards the development of new methods and procedures for applying basic research findings and modern technical discoveries to the practice of preventive medicine. Objectives include: (1) new and improved testing procedures; (2) the application of automation so that large numbers of people will benefit; (3) the development of new systems; (4) the study of human behavior and attitudes as they relate to preventive practices; (5) the creation of quality standards for health protection examinations and laboratory procedures; (6) epidemiological studies which will provide essential information as to the nature and scope of the overall chronic disease problem; and (7) identification of specific risk factors involved in the development of chronic diseases.

We also will be concerned with training specialized personnel in the technical developments related to preventive services, including laboratory training.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Kidney disease control.....	55	\$3,783,000	55	\$5,945,000	-----	+\$2,162,000

The kidney disease problem

Primary diseases of the kidney killed an estimated 100,000 Americans in 1966.

Each year an estimated four to six thousand persons who are medically suitable candidates for artificial kidney therapy die of kidney disease. These persons, most of whom are in the prime of life, could be kept alive and productive through the use of artificial kidney therapy.

Conditions listed as acute genito-urinary tract disease (excluding venereal disease and menstrual disorders) in the National Health Survey of 1964 led to 36.9 million days of restricted activity for 6.7 million individuals. An additional 1.1 million persons reported limitations of activity as the result of chronic genito-urinary disease. This latter figure accounts for 5.4% of all activity limitations in individuals under the age of 45, which makes it the fourth most common cause of non-orthopedic impairment. An estimated 3,300,000 Americans harbor infectious organisms in their urinary tract. A significant number of these persons will have no warning of their disease until kidney damage is so severe that they cannot survive.

Unlike the majority of chronic diseases, these diseases are particularly likely to cause death in patients in the middle, productive years. The social and economic impact of kidney diseases therefore is far out of proportion from what one would expect from simple analysis of the bare statistics.

A great deal more knowledge and highly developed methodology is necessary before effective programs of primary and secondary prevention can be undertaken on a broad scale. Such diseases as chronic glomerulonephritis and chronic pyelonephritis, which are responsible for the vast majority of patients with chronic renal failure, are poorly understood. In addition to the further development of such promising areas as artificial kidney therapy and kidney transplantation, the Kidney Disease Control Program is planning and conducting investigations into the problems of incidence, cause, natural history and appropriate therapy for all common kidney diseases.

Kidney disease control programs and plans

During 1966, the Kidney Disease Control Program established the groundwork for a comprehensive developmental program for the prevention, early detection, and management of kidney diseases. Eleven new kidney disease projects were approved and funded through the use of "other chronically ill and aged" project grants. These eleven grants helped to establish ten new artificial kidney centers, including two pilot home artificial kidney programs, and a community kidney disease prevention center. These projects are being continued during 1967, and in 1968 will be funded under the appropriation, "Comprehensive health planning and services." Emphasis during this period will be placed upon the collection and analysis of medical and cost data. Also during 1966, contract projects were begun to: (1) develop and test methods for early detection and management of kidney diseases; (2) develop training projects at artificial kidney centers in order to design and test formal training programs for medical and paramedical personnel; (3) obtain better definitions of kidney disease morbidity and mortality and obtain data pertaining to its cost and socio-economic impact.

In 1967, the Congress provided an increase of \$3,000,000 which is being used to contract for the establishment of approximately 12 new artificial kidney centers directed toward the development and evaluation of home artificial kidney therapy. The purpose of these centers is to develop and test the hypothesis that home programs, properly administered and controlled, can substantially reduce the cost of artificial kidney therapy without sacrificing quality of patient care. The centers planned for 1967 will be able to train and support a sufficiently large home patient population to permit sound conclusions to be drawn regarding the medical, social, and economic feasibility and possibilities of applying this therapy to all who need it.

These centers, which will have been planned, staffed and equipped during 1967, will begin their first full year of operation during 1968. The increase of \$2,162,000 proposed for 1968 will permit medically suitable patients (and their family members and local physicians) to be trained in the techniques of home artificial kidney therapy and then placed upon continuing treatment within the setting of their own homes. As a result of two factors—well planned, staffed and equipped training centers plus a statistically significant patient population—the developmental home artificial kidney programs will be able to: (1) test the feasibility of widespread and prolonged home treatment with the artificial kidney and various methods of providing it, (2) generate and evaluate cost data on both the training center and the home treatment of patients, (3) generate and evaluate uniform patient and medical data, and (4) determine the extent to which many possible sources and combinations of funds (i.e. insurance, private funds, voluntary sources, and local, State and Federal sources) can be developed to support this need. Information and data derived from these programs over the next several years will help the Public Health Service in the determination of requirements, and the development of guidelines, criteria and plans for efficient and effective ways to curtail this needless loss of life.

RESEARCH, DEVELOPMENT, TRAINING, AND PROGRAMS

Senator HILL. You may proceed, sir.

Dr. CHADWICK. Mr. Chairman, the mission of the Center is to advance the Nation's health by preventing and controlling chronic diseases such as cardiovascular diseases, chronic respiratory disease, cancer, diabetes, arthritis, chronic kidney diseases, and neurological and sensory disorders. These disease problem include seven of the 10 leading causes of death and 12 of the 25 leading causes of disability.

Our mission will be accomplished through (1) applied research to develop new and improved approaches to the prevention and control of chronic diseases, (2) technological development to translate or adapt basic research findings in the various chronic diseases into new and improved processes or procedures to permit application in communities, (3) training of professional and technical personnel in specialized categorical activities, and (4) operation of programs for primary prevention and early detection of chronic disease. An impor-

tant part of our mission is the establishment of standards and guidelines for the operation of programs and provision of services for the prevention and management of chronic diseases.

BUDGET REQUEST

Our total budget request for 1968 is \$27,942,000, an increase of \$2,840,000 over 1967.

Senator HILL. The Budget Bureau cut you down some, didn't they?

Dr. CHADWICK. Yes.

Senator HILL. \$8,123,000, did they not?

Dr. CHADWICK. Yes, sir.

Senator HILL. The truth is, the Department cut your request down some \$7,237,000?

Dr. CHADWICK. Yes, sir.

COMPREHENSIVE HEALTH PLANNING AND SERVICES

The "Comprehensive health planning and services" appropriation provides grant support in our program areas through formula and project grants.

Before discussing this budget request further, I should like to consider with you some general aspects of the chronic disease problem.

CHRONIC DISEASES

DEATHS

Size of the problem: To give some idea of the dimensions of the problem facing us, eight out of 10 Americans will die from one of the chronic diseases.

Cardiovascular diseases take 995,000 lives each year.

Cancer adds another 290,000 deaths.

Approximately 25,000 die annually from kidney disease.

Of all the deaths in the United States an estimated 300,000 are associated with cigarette smoking.

Senator HILL. I recall, I think after the Surgeon General's report on cigarette smoking came out, my friend Surgeon General Luther Terry moved from the cigarette to the pipe.

Dr. CHADWICK. Yes, sir.

Senator HILL. Is that true in your case?

Dr. PRINDLE. Yes, sir; I was in the same boat; I was in the Surgeon General's Office in those days, and because Dr. Terry was, shall we say, undergoing the trials of this change, I felt I had to, also, to keep on the good side of him.

Senator HILL. Did it take much willpower to do the job?

Dr. PRINDLE. It took some effort.

Senator HILL. Well, that was willpower, wasn't it?

Dr. PRINDLE. Yes, sir.

Senator HILL. You couldn't do it just by physical power; it took mental power?

Dr. PRINDLE. Right.

DISABILITIES

Dr. CHADWICK. In terms of disability caused, nearly 15 million people are suffering from definite heart disease and 13 million more have suspected heart disease.

Thirteen million suffer from arthritis and rheumatic diseases.

There are 2 million known diabetics. Another 2 million have diabetes undiagnosed and not being treated.

Neurological and sensory diseases, such as epilepsy, glaucoma, speech and hearing disorders, have disabled more than 16 million.

EMPHYSEMA

According to social security records, payments to persons disabled by emphysema rose from \$60 million to \$90 million in the last 3 years.

Senator HILL. How do you account for this, Doctor? In the old days we didn't hear much about emphysema as far as I recall.

Dr. CHADWICK. Yes, there is of course some question about whether the increase is entirely due to the increase in disease or increase in diagnosis. Certainly the evidence that chronic emphysema is six times more common among cigarette smokers suggests this may be an important factor in the increase.

INCIDENCE OF DISEASES IN WOMEN

Senator BARTLETT. May I ask this question: Is there any increase in disease among women, or comparable increase?

Dr. CHADWICK. There is an increase which is a little less than the increase observed in men. Of course the rate of smoking among women is very much less than that among men; something like 34 percent of adult women smoke whereas something in the order of 52 percent of adult males smoke. Furthermore the rate of smoking among women has been increasing relatively recently. As you know, in early years women generally did not smoke. It has been a recent phenomena, the increase in smoking among women.

Dr. PRINDLE. May I add something here. I think this is an interesting phenomenon that is true not only for this particular condition but for lung diseases in general. With respect to lung cancer, bronchitis in Great Britain, emphysema, and so forth, there does seem to be something different about the ladies. For a variety of reasons, their rates are lower; even in animal studies this shows up. The explanation is not entirely the exposure to some of these contaminants.

Senator BARTLETT. Are there any explanations or estimates of why?

Dr. PRINDLE. I am not aware of any good explanation.

Senator HILL. Anything else?

Senator BARTLETT. No, sir.

Senator HILL. All right, Doctor, continue.

PROGRESS ITEMS

Dr. CHADWICK. Since assuming my present position on January 1, 1967, I have had occasion to review our total effort in chronic disease and I was gratified to note the substantial progress being made with promise of even greater future returns. I am pleased to share some of the highlights of this review with you.

In heart disease, the leading cause of death today, special coronary intensive care units in hospitals supported by this program are proving their lifesaving potential. Experience has indicated that treatment of acute coronary patients in these units may reduce mortality rates by

one-third compared with conventional hospital care. It has been estimated that as many as 45,000 coronary patients may be saved each year when coronary care units are established in hospitals throughout the United States. With increased funds provided last year, we are establishing the technical training capacity for meeting a part of the national need for people to operate the units.

INTERPRETATION OF ELECTROCARDIOGRAMS BY COMPUTER

Our laboratory at George Washington University has successfully developed computer techniques for the interpretation of electrocardiograms. Widespread use of this procedure promises to save many hours of physician time and make possible full utilization of this invaluable tool.

I might add, Mr. Chairman, that people are concerned today with the cost of medical care and here is a process which can reduce the cost of electrocardiograms to less than one-half of the present cost if it were applied generally throughout the country. We are making progress but it is really not being applied as rapidly as one might hope.

FUNDING OF NURSE TRAINING AND DEMONSTRATION UNITS

Senator HILL. Doctor, I think last year we added \$1 million for expansion of the coronary care units. That was to permit you to finance a group of nurse training units. Can you tell us what progress has been made?

Dr. CHADWICK. Yes, sir; those funds, as you indicated, were for nurse training units and for demonstration units in small hospitals to show how the technique of special coronary care can be applied in a hospital that is too small to justify a separate unit devoted exclusively to that purpose, hospitals of under 200 beds.

NURSE TRAINING FOR CORONARY CARE UNITS

We are in the final stage of negotiation of contracts with 12 schools to provide nurse training for coronary care units. We also are in the process of negotiating four contracts with smaller hospitals to indicate how this technique can be applied in hospitals that are too small to justify this separate unit.

Senator HILL. Well, you are really making progress, aren't you?

Dr. CHADWICK. Yes, sir; we are. I hope these units will be in operation very soon.

CERVICAL CANCER

The death rate from cervical cancer has decreased 25 percent within the last 10 to 15 years, saving an average of 2,500 lives per year. A national program of cervical cancer screening holds promise of further, more dramatic gains against this killer. We have established special cervical cancer detection units in over 150 hospitals during the last 2 years. We are supporting the training of the majority of cytotechnicians being trained at the present time. We are working with the Academy of General Practice to encourage private physicians to include cervical detection procedures as a routine in their practice.

Senator HILL. Are you getting good cooperation from the academy?

PHYSICIAN UTILIZATION OF DETECTION PROCEDURE

Dr. CHADWICK. Yes, we are, sir. You mentioned a little earlier about the problem of cervical cancer detection in women that do not go into hospitals and this is an important program we are carrying out to encourage physicians to use this procedure in their office practice. We now have chapters of the Academy of General Practice in 35 States that are participating, and there have been screened now something in the order of 300,000 women under this program. We are very encouraged at the progress we are making in this program.

Senator HILL. The truth is, women ought to have the examination each year.

Dr. CHADWICK. Yes; actually one of the things we are trying to learn through our program, Mr. Chairman, is the frequency and the age at which this procedure should be done. We are using our cancer detection units in hospitals as a patient population to give us information as to the age groups that should be screened and how frequently and to find the high risk groups of women in our society.

COLON CANCER DETECTION

In cancer of the colon, we are developing a flexible proctosigmoidoscope utilizing the fiber optics principle which we feel will greatly facilitate early discovery of cancer.

Mr. Chairman, I have with me one of these devices and I thought you might be interested in seeing it. This is the conventional proctosigmoidoscope. This is a rigid instrument and relatively short as you can see, about 10 inches. The new instrument we have developed under contract is this flexible proctosigmoidoscope. You see first of all it is flexible and somewhat smaller in diameter. You can see the flexibility can be controlled by this control on the handle. When you pass the instrument, to get around the curves in the sigmoid, you can use the control. These are the various outlets for the light that is bent with the fibro-optic system and comes out at the tip. Then you have the viewing through this end. The other outlets are for water and air.

To give you some indication of the need for this flexible instrument, this is a cast of a human rectum and sigmoid. I think you can see right away with this amount of curvature it is quite difficult to carry out the examination with the rigid instrument.

Senator HILL. You need some flexibility?

Dr. CHADWICK. Yes, sir. The other advantage of this new instrument is that it is considerably longer as you can see. Whereas with the conventional instrument you can visualize about 60 to 65 percent of the early cancer lesions, with the added distance you can get with this instrument you can get probably about 80 to 85 percent of the cancers. Since this disease will kill 44,000 Americans next year it is very important that we use this early detection procedure to have these lesions detected at a stage when they can be successfully taken care of.

It is somewhat analogous to the cervical cancer program. In other words if we could find all of the cases at a very early stage, we can greatly reduce the death rate from colon cancer.

Senator BARTLETT. Doctor, what phase does the cancer have to be in before it can be noted visually?

Dr. CHADWICK. Well, the very first small lesion in the colon can be seen with this instrument at a time when the cancer is only local and has not spread to any of the lymph nodes. At that stage one can remove the cancer and the results are encouraging; something like 68 percent of patients who have been detected at this early stage are alive 5 years after the operation, as opposed to something like 34 percent of those who are detected at a later stage when the disease is spreading.

BIOPSY TECHNIQUE

Senator HILL. What about biopsy material—can you get that?

Dr. CHADWICK. Yes, it can be done through the instrument.

Senator HILL. It can be?

Dr. CHADWICK. It can be done through the larger conventional instrument and we hope to develop techniques with the flexible proctosigmoidoscope.

LOW-COST DISPOSABLE PLASTIC TONOMETER FOR EARLY DETECTION OF GLAUCOMA

To facilitate early detection of glaucoma, a leading cause of blindness, a low-cost disposable plastic tonometer has been developed.

ARTHRITIS TREATMENT

In arthritis, one of our worst cripplers, recently completed studies of the problem and available methods of treatment show that a modest investment in program can achieve long-term benefits to arthritis sufferers in terms of helping them live normal lives and maintain a wage-earning capability which is far in excess of the estimated program costs.

GLAUCOMA

Senator HILL. Let's go back a minute to glaucoma. If you get it early enough, will it prevent blindness?

Dr. CHADWICK. The information available on this point is not as complete as we would like to see it, Senator. The general feeling is that most cases of blindness can be prevented. If the glaucoma can be detected at an early stage and treated successfully to keep the pressure down, the pressure on the optic nerve which ultimately causes the blindness can be prevented.

Senator HILL. But that pressure on the optic nerve brings about the blindness?

Dr. CHADWICK. Yes, sir; increased pressure in the eyeball presses on the optic nerve and gradually the fields of vision are limited from the periphery.

CHRONIC RESPIRATORY DISEASES

EMPHYSEMA DISABILITY CONTROL

In chronic respiratory diseases, we are investigating a number of promising approaches to controlling disability from emphysema. We have assisted in demonstrating early detection instrumentation which can discover 90 to 95 percent of cases at their earliest stages. At the same time, we are studying the benefits of intensive rehabilitation

procedures for the acutely disabled, the early results of which indicate that more than 50 percent of the victims of the disease can be rehabilitated to self-help and employment.

CIGARETTE SMOKING

In smoking and health, the fact that our surveys show a substantial decrease in cigarette smoking among the medical profession from more than 60 percent before 1954 to less than 30 percent at the present time suggests that with adequate knowledge of the facts many people in the general public who may wish to stop smoking will be capable of doing so. We are currently supporting two community laboratories which are trying new approaches to help adults who wish to stop smoking and to keep younger people from starting.

Senator HILL. Doctor, you are making a splendid statement, but very much to my regret they are taking up a resolution on the floor of the Senate out of the committee of which I am chairman, Labor and Public Welfare. It deals with the threatening railroad strike situation, which we must prevent, and I am going to have to leave you. You are presenting a splendid statement and I want to leave you with Senator Bartlett and I thank you very, very much.

BUDGET REQUEST INCREASES

KIDNEY DISEASES

Dr. CHADWICK. One of our Center's most promising and dramatic programs has recently begun to tackle the problem of needless loss of life from kidney diseases and to promote long-range programs to help develop effective methods of prevention, early detection and treatment. In 1966, the program supported the development of 10 new artificial kidney centers and established the groundwork for long-range developmental programs. The artificial kidney would save an estimated 5,000 persons annually and restore them to productive life.

HOME DIALYSIS TRAINING PROGRAMS

In 1967, we are helping to establish 12 home dialysis training programs. Medically suitable patients suffering from terminal kidney diseases will be trained in the use of artificial kidney systems and then, with their own equipment and the help of a trained family member, they will use this system within the setting of their own homes. An increase of \$2,137,000 is requested in 1968 to continue and expand our development and testing of this extremely promising method of artificial kidney therapy. The hypothesis that we plan to develop and test is that home dialysis will substantially reduce cost in money and medical resources without sacrificing quality of care.

We fully expect that during the initial development of these training and support centers for home artificial kidney patients, hundreds of patients' lives will be saved and, if this technique proves as successful and widely applicable as we expect, it could be extended to many thousands of patients each year.

AUTOMATED MULTIPHASIC SCREENING PROGRAM FOR PREVENTIVE EXAMINATIONS

The preventive services program through a research grant to the Kaiser Permanente Foundation, has supported the development of an automated multiphasic screening program which provides test data for preventive health examinations on about 50,000 persons a year. This entirely new concept of applying the systems technique to the provision of health services has resulted in improved health care for a large group of persons, and in substantial savings in money and professional time. This system is the prototype of several similar systems currently under development, and the basis for the preventive care bill recently introduced into Congress.

By combining a battery of automated test procedures with computer analysis and readout results, the multitest laboratory completes in about 2 hours a test and medical history procedure that would require nearly 2 days by conventional methods. Thoroughness, speed, accuracy, economy, and followup by physician consultation are emphasized features of this approach.

An increase of \$438,000 is requested to support six additional research grant continuations.

I will be happy to answer any questions you or the committee may have.

CHRONIC DISEASE BUDGET REQUEST

Senator BARTLETT (acting chairman). How much money were you allowed for "Chronic diseases"?

Dr. CHADWICK. The Bureau of the Budget allowed \$27,942,000.

Senator BARTLETT. How does it compare with appropriations for current fiscal year?

Dr. CHADWICK. That represents an increase of \$2,840,000 over current fiscal year.

Senator BARTLETT. Were you denied any requests that you considered essential to the operation?

Dr. CHADWICK. Well, sir, of course that is a difficult question to answer because my assessment of necessity and that of people in the Budget Bureau, I am sure, is not the same or along the same viewpoint. I think we will be able to carry out a very effective program with the funds which the Budget Bureau has permitted us to ask.

DIABETES AND ARTHRITIS CONTROL BUDGET REQUEST

Senator BARTLETT. You are asking \$89,000 for diabetes and arthritis control, is that correct?

Dr. CHADWICK. No, sir; that was the cut.

Mr. BERSANO. \$1,703,000 for diabetes and arthritis control in 1968.

Senator BARTLETT. An increase of \$68,000, about \$89,000 less than the request?

Mr. BERSANO. Yes.

INTERPRETATION OF ELECTROCARDIOGRAMS BY COMPUTER

Senator BARTLETT. Now, you mentioned the laboratory at George Washington University. Will you explain a bit more about the computer techniques on the interpretation of electrocardiograms?

Dr. CHADWICK. This is a method by which the electrical signal from the electrocardiogram, usually on a magnetic tape, is fed into a computer, programed to make the same kinds of measurements on that electrical tracing as the physician would make in his interpretation of an electrocardiogram. The computer will do this very rapidly and then give an interpretation of what is the most probable diagnosis from the tracing.

Senator BARTLETT. To be sure I understand this, with the computer, the physician does not study the electrocardiogram?

Dr. CHADWICK. That is right. When the interpreted reading comes out of the computer, there will be a page with the interpretation and the various measurements on it. Attached will be copies of the tracings, the various different leads that are used in the electrocardiograms so that the physicians can look at the interpretation on the computer readout and will also have available to him the actual tracings to compare.

TIMESAVING TECHNIQUE

Of course, I am sure you can recognize this is an enormous time-saver because the computer can do these in a matter of seconds and it would take the physician a matter of minutes, probably half an hour or so depending on the complexity.

Senator BARTLETT. It would take a half an hour to sit down and examine it closely?

Dr. CHADWICK. Yes; it depends upon the complexity of the tracing. In some instances, of course, in a normal electrocardiogram a physician can do it relatively rapidly. However, when a physician does many of these it is a rather tedious job. One of the reasons why the electrocardiogram has not been used as might be desirable, for example, to detect earlier cases of heart disease, which might lead to a coronary thrombosis is the expense and difficulty involved and the shortage of physicians' time.

NONOPERATIONAL PROGRAM

It wouldn't be possible for physicians to look at the large number of electrocardiograms that it might be desirable to take in a preventative medicine program.

Senator BARTLETT. Has this system to which you referred moved from the laboratory stage?

Dr. CHADWICK. Well, this is one of the problems with it at the present time, Mr. Chairman. We have been doing some work at our laboratory in George Washington for the hospitals that are giving their routine electrocardiogram readings to us, but the entire system has not been taken out into the field and tested as a complete system; no, sir.

INTERPRETATION COST REDUCTION

Senator BARTLETT. But you have great hopes for it?

Dr. CHADWICK. Yes, sir; I certainly do. We have some cost data, for example, on the electrocardiograms, showing that cost will be reduced to less than one-half by widespread use of this procedure. Obviously, the computer can do it much more cheaply than a physician and permit him to spend the time to manage the patient.

CERVICAL CANCER DETECTING UNIT FUNDING

Senator BARTLETT. You mentioned the establishment of special cervical cancer detecting units in over 150 hospitals in the period of the last 2 years. Once established, who pays for the operation?

Dr. CHADWICK. Well, we pay a part of the cost of continuing that cancer detection unit. We are paying not only for actually having the cancer detection program carried out—that is, the screening of the women that go through the program—but also getting information about cervical cancer and its distribution in the population. This will be useful in permitting us to target the efforts for cervical cancer detection even more precisely in the future.

DISEASE PREVALENCE IN LOWER SOCIOECONOMIC GROUP

For example, it has been shown that the cervical cancer is more common in the lower socioeconomic group; that permits one to devote more attention to this population group to find more cases of cervical cancer at less cost.

Senator BARTLETT. Is there any explanation of why the incidence should be larger in that group?

Dr. CHADWICK. Well, it is known that cervical cancer is more common in women who have had babies than those without them and also it seems more common in the case of women who have not had good medical care before and after delivery. Injuries that occur in delivery when not properly taken care of seem to predispose to a higher incidence of cervical cancer.

ARTHRITIS TREATMENT

Senator BARTLETT. Let me quote from your statement, when you said: "In arthritis, one of our worst cripples, we recently completed studies of the problems, and available methods of treatment show a modest investment in program can achieve long-term benefits to arthritis sufferers in terms of helping them live normal lives" and so forth, and I want to ask you, what types of programs will bring about these happy results?

DEFORMITY AND DISABILITY PREVENTION

Dr. CHADWICK. Well, the problem in arthritis, Mr. Chairman, is, much of the information about what can be done in arthritis is not being effectively applied. I think there is a sense of discouragement among not only patients but physicians about the treatment of arthritis. There have been studies in Britain, for example, that have shown that intensive treatment—rest and drugs during acute stages and physiotherapy following acute stages—can prevent much deformity and disability.

We feel that if such a program were more widely applied, there would be less disability from this disease.

PROMOTING APPLICATION OF TREATMENT TECHNIQUES

Of course, it is not eliminating the cause of the disease but effectively treating those with the disease, particularly during and following the

acute phases during which the disability and deformity occur, to prevent this disability and deformity. It is a matter of promoting application of techniques of treatment presently known but which are not being widely applied. I think this is the problem.

Of course, also it requires a complicated combination of disciplines, too. It is not just a matter of physician but also the physiotherapists and so on that need to be involved, so it is a difficult and time-consuming procedure of treating arthritis victims to prevent this disability.

SUPERIOR KNOWLEDGE OF MEDICAL PROFESSION RE DISABLING EFFECTS OF SMOKING

Senator BARTLETT. I would be making a correct assumption if I say members of the medical profession know more about the evils and horrors or disabling effects of smoking, or they ought to, than any other group of our population?

Dr. CHADWICK. Yes, sir, I believe this is certainly the case. I think the fact that physicians in tremendous numbers have been giving up smoking is rather a clear reflection of this greater knowledge and understanding of the problem.

TECHNIQUES TO HELP INDIVIDUALS STOP SMOKING

Senator BARTLETT. In this connection, I have only one question: Why are about 30 percent of them still smoking?

Dr. CHADWICK. Well, as has been mentioned earlier, it is difficult for many people to give up smoking. One of the things we are trying to do in our demonstration and research studies is to come up with techniques which will help individuals who want to give up smoking to do so, because it is difficult.

So what we would like to do is be able to offer more constructive help to people who want to give up. Many of our projects are designed to do this.

For example, we have studies in universities to do various physiological tests on people in the college-age group to show these people how smoking will cut down their wind or cut down their circulatory efficiency. We hope that by showing this immediate effect of smoking, it will help younger people not to take up smoking. It is very hard for a younger person to think about what is going to happen 20 or 30 or 40 years from now. If you can show him some immediate effect of smoking by reduction in his wind, for example, which is very important in this age group with the heavy emphasis on athletics and so on, we feel this technique will help the young people not to take up smoking.

SMOKING: A HABITUATION OR AN ADDICTION

Senator BARTLETT. Is there any medical belief whatsoever this is not a habit but an addiction?

Dr. CHADWICK. There is no real evidence it is an addiction in the same sense that morphine is. Of course, the borderline between what we call habituation and addiction is sometimes a little difficult to define. Many of the people have a psychological dependence on smoking as a means for example of relieving tension and permitting them to relax.

It is not addiction but it is close enough to it that it makes it very difficult for these individuals to give up.

TERMINAL KIDNEY DISEASE TREATMENT

Senator BARTLETT. Later on in your statement, Doctor, you speak of treatment of terminal kidney disease in the home and later on you mention these training centers for home artificial-kidney patients will save hundreds of lives. You are referring to other groups than the terminal patients here?

Dr. CHADWICK. No; I am referring to the same group. This kidney machine is one of the most dramatic examples of medical treatment you can find, because the terminal kidney disease patient would definitely die if it were not for the machine. It is quite an impressive sight to see some of the people who have been put on the machine and particularly those who have been trained to use them at home.

I was privileged to visit the Center in Seattle where they are training home patients.

LIVE-EXTENSION PROCESS

Senator BARTLETT. Those treatments must continue through the rest of their lives?

Dr. CHADWICK. Yes, once the patient's kidney has failed, it is necessary to continue this artificial-kidney treatment indefinitely into the future.

KIDNEY TRANSPLANT RESEARCH

Of course, one of the hopes is that some of the other developments may come up with a more definitive handling of these cases. Kidney transplant development, for example, is one that the Public Health Service is supporting to be able to transplant a kidney into these people in order to have a less cumbersome and more definitive treatment.

DISEASE PREVENTION RESEARCH

The other thing, of course, we would like to do in our program is find out how we can prevent this terminal kidney disease, to detect early cases of infections in the kidney to keep people from coming to the stage where they need a kidney machine.

TREATMENT PATIENT LOSSES

Senator BARTLETT. The committee understands that during the past year there have been operations at one of the centers in which three patients were lost. Can you tell us about this?

Dr. CHADWICK. Yes; it was Hennepin County Hospital, in Minneapolis, and the proportioning pumps that provide the proper salt solutions broke down and the salt was not being pumped in. The dialysate solution was pure water and before this could be successfully dealt with, three of the patients died. This was a center dialysis rather than a home dialysis situation and they had four patients on the machine. Three of the patients died but one recovered.

Senator BARTLETT. Is there much possibility in your judgment there will be recurrences of this?

Dr. CHADWICK. Well, we are certainly doing everything we can, as are all of our centers, to prevent accidents of this sort. Of course, this is a new development and these are cases of very, very ill people and I don't think it is possible to say unequivocally there will be no more accidents but we are taking every measure we can to prevent the occurrence of this type of accident.

EQUIPMENT DEVELOPMENT

I hope there won't be other cases. One of the developments we are pursuing is to improve this equipment so that it will be more trustworthy and less likely to have accidents. But it is a new development and it is difficult to avoid accidents 100 percent in this kind of new development.

Senator BARTLETT. When you say "new" what do you mean in terms of years?

Dr. CHADWICK. Well, the artificial kidney itself has been known for quite a few years, at least 20 years, but it has only been used very extensively within about the last 6 years. There was a development sponsored by the Public Health Service of a cannula that can be put in the vein and artery to permit frequent, repeated dialysis in the same vein and artery. The problem before was, each time a dialysis treatment had to be given, a new entrance into the vein had to be made. You see, they have to circulate the blood through the external piece of equipment. In past years they used to have to cut a vein and artery each time a treatment was given. I think you can see one soon runs out of accessible arteries and veins and it was not a practical form of treatment.

But Dr. Scribner developed an indwelling shunt in the artery and vein that could remain in place and permit one to use the same vein and artery for a considerable period of time.

KIDNEY DIALYSIS TREATMENT COST

Senator BARTLETT. Now in connection with the home dialysis centers, what is the estimated annual cost of treatment?

Dr. CHADWICK. Well, this is something that is not well known at the moment, Mr. Chairman. One of the major purposes of our contract program is to try to get good cost data on this method of treatment so that the dimensions of the problem in terms of economics can be better understood.

The cost now for Center patients—that is, those who come in repeatedly to a hospital to obtain treatment—is something in the order of \$10,000 to \$30,000 a year. You can see it is quite a large range and quite a large sum of money.

HOME DIALYSIS TRAINING AND TREATMENT COST

The first-year cost in a home patient would probably be somewhere in that range also. In subsequent years when the patient is at home rather than having to occupy a hospital bed it is hoped that the cost can be cut down very appreciably, probably to somewhere between \$5,000 and \$10,000, possibly less.

I am sure as we do this more the cost will come down because various techniques of reducing the cost will emerge. The equipment will be improved and cost will come down. It is a very important matter to find out what it does cost so we can plan how the treatment can be applied to all the patients that need it, and secondly, to find ways in which the cost can be reduced. These are some of the things we try to do with our program of home dialysis.

Senator BARTLETT. How many of those units are in use now?

Dr. CHADWICK. Well, we have this situation.

Senator BARTLETT. I mean the home units.

Dr. CHADWICK. The home unit?

Senator BARTLETT. Yes.

Dr. CHADWICK. There are a relatively small number in use now, probably in the order of 20 to 30 supported by us and 60 in the United States. This is because this is a relatively new development, this matter of having the dialysis done in the home, so there are quite a small number of patients, probably 20 to 30.

Senator BARTLETT. Is the appropriation you are asking for now in hopes of expanding the number?

Dr. CHADWICK. Yes, sir, we would hope with fiscal year 1967 money there would be approximately 80 patients on home dialysis, and then with the money that we are requesting in 1968, we can increase the number to about 500.

Senator BARTLETT. Thank you. You have made an excellent statement, Dr. Chadwick, and the committee is grateful to you and your associates for appearing.

COMMUNICABLE DISEASES

STATEMENT OF DR. DAVID J. SENCER, DIRECTOR, ACCOMPANIED BY DR. WILLIAM J. BROWN, CHIEF, VENEREAL DISEASE PROGRAM; DR. ALFONSO H. HOLGUIN, CHIEF, TUBERCULOSIS PROGRAM; DR. ARTHUR OSBORNE, CHIEF, FOREIGN QUARANTINE PROGRAM; AND JAMES D. BLOOM, ASSISTANT EXECUTIVE OFFICER, NATIONAL COMMUNICABLE DISEASE CENTER; DR. RICHARD A. PRINDLE, DIRECTOR; AND VERNON G. MacKENZIE, DEPUTY DIRECTOR, BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL; PETER J. BERSANO, FINANCIAL MANAGEMENT OFFICER FOR DISEASE PREVENTION AND ENVIRONMENTAL CONTROL PROGRAMS; DR. WILLIAM H. STEWART, SURGEON GENERAL; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

COMMUNICABLE [DISEASE ACTIVITIES] DISEASES

To carry out, except as otherwise provided for, those provisions of sections 301, 311, [314(c),] 317, and 361 to 369 of the Act relating to the prevention and suppression of communicable and preventable diseases and the introduction from foreign countries, and the interstate transmission and spread thereof; including medical examination of aliens in accordance with section 325 of the Act, care and treatment of quarantine detainees pursuant to section 322 (e) of the Act in private or other public hospitals when facilities of the Public Health Service are not available, insurance of official motor vehicles in foreign countries when required by the law of such countries; and [the interstate transmission and spread thereof:] hire, maintenance, and operation of aircraft; [\$44,220,000] \$72,272,000, of which \$9,100,000 shall be available through June 30, [1968] 1969 to carry out section 317 of the Act.

Amounts available for obligation

	1967	1968
Appropriation.....	\$44,220,000	\$72,272,000
Comparative transfer from—		
“Control of tuberculosis”.....	+3,617,000	-----
“Control of venereal diseases”.....	+4,329,000	-----
“Foreign quarantine activities”.....	+8,001,000	-----
“Environmental health sciences”.....	+8,727,000	-----
Comparative transfer to—		
“Comprehensive health planning and services”.....	-232,000	-----
“Health manpower education and utilization”.....	-267,000	-----
“Office of the Surgeon General, salaries and expenses”.....	-135,000	-----
Proposed supplemental for pay increases.....	+180,000	-----
Unobligated balance brought forward.....	+3,873,733	-----
Total.....	72,313,733	72,272,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Grants:						
Research		\$3,375,000		\$4,232,000		+\$857,000
Community immunization		19,100,000		9,100,000		
Direct operations:						
Communicable diseases	1,519	17,728,000	1,549	18,467,000	+30	+739,000
Tuberculosis	230	3,617,000	230	3,669,000		+52,000
Venereal diseases	353	4,329,000	353	4,366,000		+37,000
Pesticides	137	7,234,000	156	7,572,000	+19	+338,000
Foreign quarantine	677	8,181,000	643	8,175,000	-34	-6,000
<i>Aedes aegypti</i> eradication	349	14,679,000	349	16,691,000		+2,012,000
Total obligations	3,265	68,243,000	3,280	72,272,000	+15	+4,029,000
Unobligated balance reserve		197,000				-197,000
Total obligations and balance	3,265	68,440,000	3,280	72,272,000	+15	+3,832,000

¹ Excludes an unobligated balance brought forward of \$3,873,733.

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions	3,265	3,280	+15
Full-time equivalent of all other positions	319	343	+24
Average number of all employees	3,178	3,243	+65
Personnel compensation:			
Permanent positions	\$24,512,700	\$25,029,400	+\$516,700
Positions other than permanent	1,971,700	2,189,400	+217,700
Other personnel compensation	468,900	468,900	
Total personnel compensation	26,953,300	27,687,700	+734,400
Personnel benefits	2,653,600	2,712,500	+58,900
Travel and transportation of persons	2,237,100	2,320,500	+83,400
Transportation of things	1,147,900	1,195,900	+48,000
Rent, communications, and utilities	1,519,600	1,553,000	+33,400
Printing and reproduction	377,100	418,100	+41,000
Other services	1,920,500	1,972,500	+52,000
Project contracts	13,276,000	15,399,200	+2,123,200
Services of other agencies	402,600	420,600	+18,000
Payment to—			
Public Health Service management fund	863,000	900,000	+37,000
National Institutes of Health management fund	27,000	27,000	
Supplies and materials	4,908,300	5,171,700	+263,400
Equipment	1,803,400	1,715,100	-88,300
Grants, subsidies, and contributions ¹	10,180,000	10,804,600	+624,600
Subtotal	68,269,400	72,298,400	+4,029,000
Deduct quarters and subsistence	-26,400	-26,400	
Total obligations by object	68,243,000	72,272,000	+4,029,000

¹ Excludes \$3,873,733 unobligated balance brought forward.

Summary of changes

1967 enacted appropriation-----	\$44, 220, 000
Proposed supplemental-----	180, 000
Comparative transfer from:	
"Control of tuberculosis"-----	3, 617, 000
"Control of venereal diseases"-----	4, 329, 000
"Foreign quarantine activities"-----	8, 001, 000
"Environmental health sciences"-----	8, 727, 000
Comparative transfer to:	
"Comprehensive health planning and services"-----	—232, 000
"Health manpower education and utilization"-----	—267, 000
"Office of the Surgeon General, salaries and expenses"-----	—135, 000
Unobligated balance, reserve-----	—197, 000
1967 total estimated obligations-----	68, 243, 000
1968 estimated obligations-----	72, 272, 000
Total change-----	+4, 029, 000

	Base		Changes from Base	
	Posi- tions	Amount	Posi- tions	Amount
INCREASES				
A. Built in:				
1. Annualization of 125 new positions authorized in 1967-----				\$473, 000
2. Net additional cost of civil service employees' within- grade salary increases, longevity increases and in- centive pay of commissioned officers for foreign quarantine activities-----				97, 000
B. Program:				
1. Research grants-----		\$3, 375, 000		857, 000
2. Expansion of communicable diseases program, national laboratory and improvement services-----	335	4, 056, 000	30	614, 000
3. Expansion of pesticides program-----	137	7, 234, 000	19	306, 000
4. Expansion of <i>aedes aegypti</i> eradication program-----	349	14, 679, 000		2, 020, 000
5. Increase in pro rata share of the Public Health Service management fund-----		863, 000		37, 000
Total increases-----			+49	+4, 404, 000
DECREASES				
A. 1 less day of pay (261 in 1967, 260 in 1968)-----				—93, 000
B. Nonrecurring items of equipment-----				—153, 000
C. Reduction in foreign quarantine program-----			—34	—129, 000
Total decreases-----			—34	—375, 000
Total net changes requested-----			+15	+4, 029, 000

EXPLANATION OF CHANGES

Research grants.—An increase of \$857,000 is requested for 1968 to support 114 research grants projects, an increase of 38 over the 76 projects to be supported in 1967. Emphasis will be given to projects relating to communicable disease control and pesticides.

Communicable diseases: National laboratory improvement and reference services.—An increase of 30 positions and \$614,000 will provide for expanded State activities directed toward improving and strengthening State laboratory competence. The program expansion will: (1) provide additional staff and facilities for training; (2) increase consultation capability to meet the demands of the nation's laboratories; (3) develop education curricula with the cooperation of universities to encourage students to pursue careers in laboratory fields; (4) evaluate and select the most efficient methods for upgrading laboratory results on certain communicable diseases (VD, TB, etc.) to facilitate epidemiological and control programs.

Pesticides: State services.—An increase of 19 positions and \$306,000 will permit expansion of the pesticide intelligence system which monitors and assesses levels

of pesticides in the population. The increase will permit full implementation of a system of receipt, cataloging, and dissemination of published data and special reports to audiences of concern and also will provide for expansion of the staff of the Federal Committee on Pest Control to meet the increasing demands for review and analysis of all aspects of pesticides.

Aedes aegypti eradication.—An increase of \$2,020,000 will permit extension of the program for the eradication of the *Aedes aegypti* mosquito from the United States and its possessions. This program was undertaken to fulfill international commitment with the Pan American Health Organization and to remove the potential threat of an epidemic in the United States of yellow fever or dengue fever. Eradication activities of the on-going program will be expanded into contiguous areas; greater public and private assistance will be sought through emphasis provided on the scope and role of informational and educational activities; and eradication procedures will be initiated in a few critical additional areas of focal infestations contributing to interstate and international transport of *Aedes aegypti*.

Foreign quarantine.—A decrease of 34 positions and \$129,000 represents savings which result from redirection of the program. The cost of operations will be reduced by greater emphasis on surveillance rather than inspection.

INTRODUCTION

The Communicable Disease Activities appropriation was realigned and retitled Communicable Diseases in accordance with organizational changes in the Public Health Service made under authority contained in the President's reorganization plan No. 3 of 1966. This reorganization established the National Communicable Disease Center. The programs contained in the new Center were previously funded from Communicable Disease Activities, Control of Tuberculosis, Control of Venereal Diseases, Foreign Quarantine Activities, and a portion of the Environmental Health Sciences appropriation.

The new appropriation provides funds to plan, conduct, and coordinate (1) a national program, including research, investigations, epidemiological services, epidemic aid, consultation, and surveillance activities, for the prevention and control of communicable and certain other preventable diseases; (2) a national program for the detection, assessment, control, and reduction of potential and harmful exposure of man to pesticides and other chemical agents; (3) a comprehensive national laboratory improvement program including the provision of laboratory technical support for other segments of Public Health Service, and State, local and other groups engaged in medical laboratory practice or administration; (4) a national program in bio-medical audio-visual communication; (5) a program of continuing education for the practicing health professions on methods and techniques of disease prevention and control; (6) a program to eradicate the yellow fever (*aedes aegypti*) mosquito from the United States, Puerto Rico, and the Virgin Islands in cooperation with federal, state, local, and other appropriate authorities; (7) a national program to protect the United States against the introduction of communicable diseases from foreign countries; (8) a grant program for the prevention, control, and eventual eradication of serious infectious diseases for which effective immunizing agents are available; and (9) a research grants program which includes stimulation of research in neglected or under-emphasized fields.

Additional funds requested in 1968 will provide for expansion of activities directed toward improving and strengthening State laboratory competency, expansion of the pesticides intelligency system, peripheral expansion of the *Aedes aegypti* eradication program, and for additional grants.

Grants

	1967 estimate	1968 estimate	Increase or decrease
Research.....	\$3,375,000	\$4,232,000	+\$857,000
Community immunization.....	9,100,000	9,100,000	-----
Total.....	12,475,000	13,332,000	+\$857,000

Research grants

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Noncompeting continuations.....	43	2, 160, 000	68	2, 673, 100	+25	+513, 100
2. New grants.....	33	1, 065, 000	46	1, 390, 000	+13	+325, 000
3. Supplementals.....	(10)	150, 000	(14)	168, 900	(+4)	+18, 900
Total.....	76	3, 375, 000	114	4, 232, 000	+38	+857, 000

The need for practical application of existing knowledge to the control of communicable diseases is well recognized, but there are many gaps in the methodology needed to accomplish this long-range goal. Considerable research is needed; research directed toward the complex problems of disease control on a community-wide basis has received relatively little emphasis from grant programs in the past.

The research grant program at the National Communicable Disease Center supports extramural research projects with practical objectives in the broad field of communicable disease control. Examples of projects funded include those concerned with improvements in laboratory diagnostic techniques, field studies on the epidemiology and control of encephalitis and salmonellosis, evaluation of immunization techniques and their effects on the immunity levels of large human populations, efforts at developing a human anti-rabies vaccine free of sensitizing foreign tissue, a project concerned with identifying high-risk groups exposed to tuberculosis infection, and research in the toxicology of pesticides.

In 1968, this program will be expanded to include two areas of particular importance: the standardization of laboratory diagnostic tests and the support of reference laboratories. In the first area, almost no work is being supported by research grants, in spite of an obvious need. In the second, the need is well recognized, but support mechanisms currently in effect lack flexibility and depth.

The increase of \$857,000 is needed for competing and noncompeting continuations, for support of projects in the two new areas mentioned above, and for increased indirect costs. The total of \$4,232,000 requested will support 114 grants, 68 noncompeting continuation and 46 new awards.

Community immunization grants

1967 estimate.....	¹ \$9, 100, 000
1968 estimate.....	9, 100, 000
Increase or decrease.....	

¹ Excludes \$3,873,733 unobligated balance brought forward from 1966.

With the revision and extension of the Vaccination Assistance Act, the Surgeon General was given authority to make grants to States and communities to support immunization programs against measles, as well as poliomyelitis, diphtheria, whooping cough, and tetanus. The primary aim was to launch a nation-wide effort against measles. This disease had been maintaining an annual incidence of approximately 4,000,000 cases (causing about 500 deaths) despite the fact that effective vaccines had been developed. Unless immunized, one out of every two children would have measles before entering school—90% before leaving school.

During 1966, major emphasis was placed on measles immunizations. All 75 of the initial projects in operation were revised to include measles, and project periods were extended through June 30, 1969. Twenty-four new projects have been awarded bringing the total number of projects to 99. The geographic areas in which these projects are located include 81% of the total population of the United States, Puerto Rico, and the Virgin Islands.

The plan for this activity was that intensive immunization programs would remove the backlog of susceptible pre-school children, and that ongoing maintenance programs could be developed concurrently to keep pace with the annual newborn population. Upon removal of the backlog, a given project will be considered to be in the maintenance phase. All projects are presently in the transi

tional phase from an intensive to a maintenance program for the original four diseases; however, each project is still in the intensive phase as far as measles is concerned.

For 1967, it is anticipated that some seven million pre-school children will be immunized against measles. The public acceptance of measles vaccine is improving although continued intensive public information and education activities will be needed to achieve full implementation of the legislative intent of the Vaccination Assistance Act. As was originally projected, one of the major problems of program implementation has been the conversion of public apathy into action with reference to measles and its consequences. Proven educational approaches are, however, achieving the desired results in that the target population is being immunized at a rate which is satisfactory in terms of previous projections. For these reasons, previously formulated program plans for 1967 will be followed.

In 1968, it is anticipated that about 110 projects can be supported. Funding projections are based upon achieving economies in project operations.

Based on these projections, \$9,100,000 is requested for 1968 to: (1) maintain support, in existing project areas, of minimum program activities such as organization, planning, public information, strong maintenance programs and surveillance; (2) purchase vaccine in substantially increasing quantities; and (3) give the necessary support to new project areas.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	3, 264	\$28, 836, 900	3, 280	\$29, 397, 800	+15	+\$560, 900
Other expenses.....		26, 931, 100		29, 542, 200		+2, 611, 100
Total.....	3, 264	55, 768, 000	3, 280	58, 940, 000	+15	+3, 172, 000

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Communicable diseases.....	1, 519	\$17, 728, 000	1, 549	\$18, 467, 000	+30	+\$739, 000
Development of communicable disease control techniques.....	(817)	(8, 204, 600)	(817)	(8, 226, 600)		(+22, 000)
Special services to States.....	(702)	(9, 523, 400)	(732)	(10, 240, 400)	(+30)	(+717, 000)
Tuberculosis.....	230	3, 617, 000	230	3, 669, 000		+52, 000
Veneral diseases.....	353	4, 329, 000	353	4, 366, 000		+37, 000
Pesticides.....	137	7, 234, 000	156	7, 572, 000	+19	+338, 000
Foreign quarantine.....	677	8, 181, 000	643	8, 175, 000	-34	-6, 000
Aedes aegypti eradication.....	349	14, 679, 000	349	16, 691, 000		+2, 012, 000
Total.....	3, 265	55, 768, 000	3, 280	58, 940, 000	+15	+3, 172, 000

Communicable diseases

1967 estimate:	
Positions	1, 519
Amount	\$17, 728, 000
1968 estimate:	
Positions	1, 549
Amount	\$18, 467, 000
Increase or decrease:	
Positions	+30
Amount	+\$739, 000

The overall program is composed of (1) development of communicable disease control techniques and (2) special services to States. The development of control techniques covers research on viral, bacterial, and fungal diseases, biology and

control of disease vectors, diseases of animals transmissible to man, and communicable disease control demonstrations, consultations, and investigations. Special services to States consists of epidemic services, national laboratory improvement and reference services, training of public health workers, medical audiovisual services, and community immunization services.

(1) *Development of communicable disease control techniques.*—

1967 estimate:	
Positions -----	817
Amount -----	\$8, 204, 600
1968 estimate:	
Positions -----	817
Amount -----	\$8, 226, 600
Increase or decrease:	
Positions -----	-----
Amount -----	+\$22, 000
<i>Viral, bacterial, and fungal diseases</i>	
1967 estimate:	
Positions -----	492
Amount -----	\$4, 571, 700
1968 estimate:	
Positions -----	492
Amount -----	\$4, 588, 700
Increase or decrease:	
Positions -----	-----
Amount -----	+\$17, 000

Rubella.—Recognizing the large number of congenitally deformed babies that are born in the United States each year as a result of maternal infection with rubella (German measles) virus, and the hundreds of requests received at the National Communicable Disease Center for serodiagnostic studies of rubella, an expanded program was started in 1967. Continuing into 1968, studies of the physical, biological, and antigenic characteristics of rubella virus are being performed as a basis of further investigations of the pathogenesis, infectivity, and immune responses associated with rubella virus infection.

Influenza.—Epidemiological and laboratory data show that world-wide epidemics of influenza occur approximately every ten or more years due to antigenically distinctive strains of viruses. In 1967 and 1968, a period of expected increased prevalence, major effort in the respirovirus field will include close laboratory and field surveillance of influenza viruses, looking toward appearance of new virus variants so that immediate preparation and evaluation of new vaccines can be undertaken.

Encephalitis.—It has become apparent that many of the scientific activities of special concern to the mission of the Communicable Disease Center fall into a combined area of service and research. A prototype of this problem is arbovirus encephalitis. Through past and current grant support there are now several laboratories, primarily State public health laboratories, capable of joining into a common plan of investigation that will augment the efforts of National Communicable Disease Center to maintain clinical, laboratory, and field surveillance of such diseases as Eastern, Western, St. Louis, and California encephalitis and the many newly emerging viral encephalitides.

In 1967, an expanded program of diagnostic and epidemic assistance was initiated to meet increased demands in the area of encephalitis. These activities including training, consultation, and methodology research will continue in 1968.

Hepatitis.—Efforts to develop measures for the control of infectious hepatitis have been seriously limited by the lack of diagnostic procedures. These procedures depend upon definitive incrimination of the infectious agents, development of techniques for their demonstration, and knowledge of the epidemiology of the disease. Work continues in an attempt to establish the relationship between the viral agents and infectious hepatitis; to isolate other agents related etiologically to the disease; and to obtain epidemiological data on hepatitis. Two principal lines of investigation are being pursued: (1) isolation of viruses associated with sporadic cases and (2) studies in two Indian communities and at two institutions of populations at high risk of disease.

Serum hepatitis has been made a separately reportable disease which will enable more discrete surveillance of the hepatitis complex. This change will

permit a more concentrated search for the causal agent of infectious hepatitis, closer surveillance of post transfusion hepatitis, and identification of sub-standard commercial sources of blood which are thought to be causing hepatitis.

Streptococcal infections.—The reported incidence of streptococcal infections in the United States now exceeds 400,000 cases per year. Present measures for the prevention of streptococcal infections are inadequate, and new approaches are needed. Preliminary field studies have been conducted on seasonal prevalence and the socioecologic factors related to streptococcal infection in elementary school children in El Paso County, Colorado. These studies have provided valuable information on various factors which appear to be correlated with prevalence rates of the most common group of these streptococcal infections. A complete analysis is being made of this information and the findings will provide the basis for selection of specific factors to be investigated.

Institutionally acquired infections.—Work is well advanced on detection and control of microbial contamination of institutions, and on survival of staphylococci and other microorganisms under various environmental conditions. Consultations and epidemic aid are given on the environmental aspects of institutional infections. A program of formal and other training for hospital and operational health personnel has been expanded. Research on the environmental aspects of institutional infections will be continued and the findings will be applied through formal one-week training courses which will be conducted in the various States.

Viral gastroenteritis.—Studies on viral gastroenteritis continue to provide data on three aspects of the problem: (1) seasonal distribution and prevalence of nondescript viral gastroenteritides; (2) seasonal distribution and prevalence of enteric viruses; and (3) association of viruses with clinical cases of alleged viral gastroenteritis. The results of these investigations will form a basis for development and evaluation of suitable control measures.

Schistosomiasis.—Schistosomiasis is one of the foremost disease problems of the world, affecting approximately 150 million people. It is widely distributed, occurring in Africa, Asia, South America southern Europe, Australia, and a number of Islands in the West Indies, including Puerto Rico and the Virgin Islands. In Puerto Rico approximately 15 per cent of the population is infected with *Schistosoma mansoni*, and in highly endemic areas infection rates may be as high as 50 per cent. The disease, which is caused by a parasitic worm, can be controlled by eliminating the intermediate snail host (the *Australorbis glabratus*).

Cooperative studies with the Puerto Rico Department of Health on the control of schistosomiasis are in progress in 7 project areas. These limited studies include determination of factors responsible for the low but persistent incidence of the disease in existing control projects; the potential for biological control of the snail host; development and evaluation of new or improved diagnostic methods for rapid determination of disease incidence; and evaluation under field conditions of the most promising chemical molluscicides.

The increase of \$17,000 for viral, bacterial and fungal diseases provides for annualization of positions new in 1967 offset by one less day's pay in 1968.

Biology and control of disease vectors

1967 estimate:		
Positions	-----	184
Amount	-----	\$1, 349, 700
1968 estimate:		
Positions	-----	184
Amount	-----	\$1, 343, 700
Increase or decrease:		
Positions	-----	
Amount	-----	—\$6, 000

Diseases caused by bacteria, viruses, and other parasites and transmitted by arthropods and other animals constitute one of the largest and most important groups of human illnesses.

Plague.—The major importance of the continuing plague problem in the United States has been emphasized by the extent of the disease in wildlife occurring in recent years in Colorado, New Mexico, Arizona, Nevada, and California. The danger of becoming complacent concerning the hazards of wildlife plague to humans is illustrated by the 1965 and 1966 outbreaks in New Mexico. The 1965 outbreak was the largest since 1923. Plague was introduced to this country recently from Vietnam. Luckily it was detected in time to prevent spread of the disease.

Currently, the National Communicable Disease Center laboratory in San Francisco is responsible for providing authoritative information on plague in the United States in order that this country may fulfill its national and international commitments and obligations. During the past decade, the ecology of plague in a few foci in the vicinity of San Francisco has been studied. The Center's laboratory has also cooperated with State and local health departments and with military and other agencies on problems of an emergency nature involving plague, tularemia, and other rodent-borne diseases.

The program of field investigations will be continued in 1968 and will include emphasis on studies to determine the geographic distribution of sylvatic plague and to develop methods which may be used to minimize the hazards of plague infection in outdoor recreational areas where large numbers of people congregate.

The decrease of \$6,000 for biology and control of disease vectors is due to one less day of pay in 1968.

Diseases of animals transmissible to man

1967 estimate:	
Positions -----	66
Amount -----	\$1,341,900
1968 estimate:	
Positions -----	66
Amount -----	\$1,354,900
Increase or decrease:	
Positions -----	
Amount -----	+\$13,000

Many infectious diseases of animals are known to affect man. The seriousness of the threat of these diseases to man's health and well-being changes as the modern environment modifies existing relationships between vector and host. For this reason, continuing surveillance of the most important of these diseases (rabies, salmonellosis, trichinosis, Q fever, brucellosis, psittacosis, and leptospirosis) is carried on to assess the changing risk to our human population.

New and better methods of diagnosis and control of the zoonoses must be developed to protect our increasing population. Rabies, in particular, is a serious problem to both man and his domestic animals in many areas of the country.

The Public Health Service and the government of Mexico now have a joint Border Rabies Control Program, administered by the Pan American Health Organization through contractual arrangement with both countries. This program has begun in Baja California and will be expanded to include all of the inhabited areas along the United States-Mexico Border. Two veterinary epidemiologists have been detailed to the Pan American Health Organization for duty in this program and facilities for training and other support in the United States have been provided. Together these activities constitute the first realistic approach to the control of canine rabies along our southern border, one of the areas of highest incidence of canine rabies in the United States.

The increase of \$13,000 for diseases of animals transmitted to man provides for annualization of positions new in 1967 offset by one less day's pay in 1968.

Communicable disease control demonstrations, consultations, and investigations

1967 estimate:	
Positions -----	75
Amount -----	\$941,300
1968 estimate:	
Positions -----	75
Amount -----	939,300
Increase or decrease:	
Positions -----	
Amount -----	-\$2,000

Despite the reduction in the reported incidence of some communicable diseases in the United States, there remains an annual toll of about 140,000 communicable disease deaths, an estimated 300 million acute infections and approximately 1.5 billion days of communicable disease illness in this country.

The demonstration technique offers new combinations of approaches and methods to some of the unmet public health needs of the community. In particu-

lar, the demonstrations have provided local health units with a tool by which they can continuously identify the pockets of communicable disease, evaluate the socioeconomic problems involved, reach the "disadvantaged" populations that are usually associated with high disease incidence, and through stimulation of this group obtain their participation in community sponsored corrective action. Community action programs involving this group have taken place against such diseases as: tuberculosis, polio, enteric diseases, hepatitis, diphtheria, smallpox, tetanus, and salmonellosis.

During 1966 thirteen such demonstration programs were in operation with some 35 satellite programs underway in communities close to the established demonstrations. The number of demonstration sites remaining in 1967 will be approximately 13 with the emphasis being upon the development of satellite programs in States adjoining those in which the 13 sites are located.

The above programs for development of communicable disease control techniques will continue in 1968 at substantially the same level as in 1967 and the decrease of \$2,000 is due to one less day of pay in 1968.

(2) *Special services to States.*—

1967 estimate:	
Positions -----	702
Amount -----	\$9, 523, 400
1968 estimate:	
Positions -----	732
Amount -----	\$10, 240, 400
Increase or decrease:	
Positions -----	+30
Amount -----	+\$717, 000

Epidemic services

1967 estimate:	
Positions -----	86
Amount -----	\$1, 491, 500
1968 estimate:	
Positions -----	86
Amount -----	\$1, 520, 500
Increase or decrease:	
Positions -----	-----
Amount -----	+\$29, 000

Basic elements in the control of communicable diseases are detection, surveillance, and epidemiological investigation of disease episodes. By maintaining nationwide surveillance of certain diseases, the Communicable Disease Center is often able to detect epidemic patterns as they develop. Thus, State and local health departments are provided the early warning required for effective control of epidemic situations. The Center's Epidemic Intelligence Service, a corps of trained epidemiologists, stands ready to furnish immediate assistance in the investigation and control of disease outbreaks. During 1966, the EIS responded to 117 requests for epidemic aid.

Incorporated into these epidemiological and surveillance services are two vitally important elements. The first one is the field evaluation of new or improved diagnostic and control techniques. The second and perhaps more imperative part is the training of epidemiologists. The dearth of well trained epidemiologists has never been more keenly felt than at the present time. Burgeoning health activities, both domestic and international, have focused attention on demands for the specialized techniques and talents of epidemiologically trained individuals in carrying out programs of preventive medicine, general health care, and related facets of research.

At least 1,000 actively practicing epidemiologists are needed by the United States at the present time to adequately staff field investigations, research activities, and teaching programs. Less than half this number exists, and many of them are limited by general administrative responsibilities and are not available to practice their specialty. Because administrative duties do, however, invariably increase with tenure, one can realistically estimate that the average practicing life of an epidemiologist is only some five years. Therefore, a minimum of 200 epidemiologists needs to be made available each year merely to satisfy the current requirements. The present, inadequate supply being graduated from

schools of public health, certain medical schools, and from State health departments is approximately 50.

The Epidemic Intelligence Service of the Communicable Disease Center has been actively engaged in training epidemiologists since 1951. In the 15 years through 1966, a total of 347 professionally trained individuals have received two years of intensive, practical field epidemiology experience under careful supervision. Of these, 85 continue on duty in the Public Health Service, 90 are in full-time academic positions directly related to epidemiology, and 15 are employed full-time in State and local health departments. Therefore, more than half of the EIS trainees have continued in epidemiologically related careers. The others completing the EIS training constitute as well, a national resource for emergency duty and are regularly providing an epidemiological viewpoint in public health affairs within their respective communities.

Further competency of a portion of individuals trained in the Epidemic Intelligence Service has been provided through an organized career training program in epidemiology extending beyond the two introductory years. Since 1957 when the program was established, 52 persons, 32 of them physicians, have undertaken carefully designed academic and investigative programs resulting in a cadre of highly qualified individuals capable of assuming broadened responsibilities in public health and preventive medicine.

With its unique national facilities, a reputation of excellence, a highly qualified staff, and established two-year and career programs, the National Communicable Disease Center is in an unparalleled position to provide epidemiologic training and at the same time offer comprehensive epidemic assistance to domestic and international programs.

The increase of \$29,000 for epidemic services provides for annualization of positions new in 1967 offset in part by one less day of pay in 1968.

National laboratory improvement and reference services

1967 estimate:	
Positions -----	335
Amount -----	\$3,924,900
1968 estimate:	
Positions -----	365
Amount -----	\$4,605,900
Increase or decrease:	
Positions -----	+30
Amount -----	+\$681,000

In the United States, there are over 12,000 clinical and public health laboratories whose work is directly related to care of the sick. The quality of these laboratories affects the health and well-being, and thereby the productivity, of our population.

Premature death, extended hospital stay, unnecessary suffering and loss of productivity as well as tremendous economic losses are consequences of inaccurate laboratory results. It is conservatively estimated that at least 430,000,000 tests are performed annually and the approximate error rate of these tests is 25 percent. At an average cost of \$4.00 per test, this represents a waste of some \$430,000,000 annually to the nation in payment for erroneous laboratory diagnostic results. The cost in suffering in extended hospitalization and in actual loss of life is beyond monetary measurement.

Several factors contribute to substandard laboratory performance: (1) States and other responsible local jurisdictions lack sufficient enabling regulatory and licensure authority and funding to permit performance evaluation and on-site inspection to ensure that laboratories meet minimum quality standards. (2) There is an inadequate number of trained supervisory and working laboratory personnel. In State public health laboratories, 32 percent of professional and technical personnel have had less than four years experience; 9 percent have had less than one year experience; and 8 percent of the people holding professional-level positions in the laboratories do not have a college degree. An annual turnover of 13 percent of professional and technical personnel aggravates the problem. (3) There is insufficient effort on the part of educational institutions to stimulate students toward careers in the laboratory field. (4) Methodology research, standardization, and improvement of laboratory procedures are needed, but are beyond the resources of private groups.

Recognizing the magnitude of the problem, a comprehensive plan was formulated in 1962 to raise competency and capability in medical laboratories to an

acceptable level and to maintain that level; this plan became operative as the National Laboratory Improvement Program.

The basic elements of the National Laboratory Improvement Program which are now in existence are designed to meet the most urgent nationwide needs. These elements are: reference diagnostic services; consultation; training of personnel; performance evaluation; evaluation of methods and materials; standardization of techniques, reagents, and educational requirements; and developmental research.

The current program is aimed primarily at the State and Territorial public health laboratories. However, these laboratories represent only 5 percent of the personnel and tests performed. The Federal Government cannot provide training, consultation, and necessary performance evaluation directly to the more than 10,000 clinical laboratories in the United States; however, it can provide the leadership for a comprehensive nationwide laboratory improvement program. The National Laboratory Improvement Program, therefore, must be carried to the local level by providing adequate training and funds to State public health laboratories.

Significant strides have been made in improving and strengthening State laboratory competency. However, a much heavier demand will be placed upon this program to provide for expanded State activities, and State laboratories are urgently in need of additional Federal support. The increase of \$681,000 and 30 positions will: (1) provide additional staff and facilities for training; (2) increase consultation capability to meet the demands of the nation's laboratories; (3) develop educational curricula, with the cooperation of universities to encourage students to pursue careers in laboratory fields; (4) evaluate and select the most efficient methods for upgrading laboratory proficiency; (5) support the requirement for reporting positive laboratory results on certain communicable diseases (VD, TB, etc.) to facilitate epidemiological and control programs. Armed with these resources, the National Laboratory Improvement Program will develop effective model laws and performance standards for State laboratory regulation.

Training of public health workers

1967 estimate:	
Positions -----	101
Amount -----	\$1, 093, 700
1968 estimate:	
Positions -----	101
Amount -----	\$1, 105, 700
Increase or decrease:	
Positions -----	
Amount -----	+\$12, 000

Changes in program emphasis, new developments in old programs and newly developed programs present constant problems of training, retraining, and continuing education for public health workers. This program is designed to meet these problems and to speed the flow of information from the research laboratory to its application in the field.

During 1966, 47 seminars were presented to State public health associations, State chapters of the Academy of General Practice, and the Academy of Pediatrics on salmonellosis, immunization, tuberculosis, and viral hepatitis. The Center has been requested by the American Medical Association to make the seminar services available to their State and local associations. Programmed instruction and home study courses are being offered to public health workers who are unable to attend centralized training programs. The training aspects of epidemic assistance are being met through "instant training" courses. Methods have been sought to improve the basic training of physicians in the diagnosis, epidemiology, and control of communicable diseases. In an effort to improve this training, a teaching aids library has been developed and provided to each school of medicine and osteopathy in the United States.

Hospital associated infections present a major medical problem, resulting not only in excess morbidity and mortality but one that involves considerable increase in expense to patients because of the increased length of hospitalization. This problem is growing in importance daily and will increase as new hospitals are constructed under the impact of the Hill-Burton program. The medicare program undoubtedly will lead to increased utilization of hospitals, nursing homes, and other institutions, especially by persons over age 65, a group which is particularly susceptible to hospital associated infections.

The National Communicable Disease Center has pioneered in the development of epidemiological techniques and control measures for hospital infections. The dissemination of these through the development and presentation of training activities (courses, seminars, programmed instruction) insures rapid application and the reduction of hospital associated infections.

The Center is uniquely qualified to provide the type of training that will be necessary to implement the President's International Health Program. The younger physician today has had no practical training in tropical diseases. If he is to function adequately in many of the nations of the world as a representative of this country he will need intensive short term training in diagnosis, treatment, prevention and control of diseases not normally seen in the medical schools of this country. The Center through its long involvement in international health activities has the nucleus of talents around which to build such courses not only in the classroom, but in the laboratory. Pilot courses have been developed on Malaria and Chagas disease and a training aids library is being developed on the gamut of tropical diseases.

The increase of \$12,000 provides for annualization of positions new in 1967 offset by one less day's pay in 1968.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Medical audiovisual services-----	112	\$2,139,800	112	\$2,136,800	-----	-\$3,000

A rapidly increasing appreciation of audiovisuals in the teaching process has prompted medical schools in this and foreign countries, as well as Federal, State and local health agencies and other interested groups, to seek professional guidance and assistance from the Center. This increasingly requested assistance will be provided to the maximum extent possible.

The medical audiovisual program was expanded in 1966 to implement portions of Recommendations 12(b) and 31 of the President's Commission on Heart Disease, Cancer and Stroke. This expansion included: (1) designation of schools of medicine and allied sciences in selected geographical areas of the United States to establish demonstration projects, or to identify problems, resources, and special needs in the medical audiovisual communication field; (2) presentation of seminars, conferences, and resource study projects to develop skills of professional schools in planning and production of medical audiovisual support programs; (3) continued emphasis on the production of multilingual motion pictures, videotapes, television programs, filmstrips, slide series, and radio spot announcements; and (4) distribution of release prints essential to the attainment of national health objectives.

Evaluations which reflect the needs of the biomedical community will be made in 1967 of projects conducted at designated schools of medicine and allied sciences. Based upon these evaluations—contracts with other schools of the health professions will be negotiated to permit development of additional exploratory projects. Conferences and seminars will be conducted to establish categories of communication skills and resources required to bolster health manpower. Selected meetings, seminars, and lectures will be videotaped and made available for use in this country and for distribution to other countries.

A prototype community television network in the Atlanta area linking Grady Memorial Hospital, Emory University Medical School, the Veterans Administration Hospital, the Georgia State Department of Health and the National Communicable Disease Center will become operational in 1968. Emphasis of the telecasts will be on programming and will include grand rounds, lectures, conferences, and other educational activities relating to the teaching schedule of the medical school. The concentrated level of teaching necessary in medicine from a central source at mutually convenient times will be made available to professional audiences within the network range. Medical schools and hospitals in other areas of the United States will be encouraged to observe and study the results of the programs transmitted under this system. Consultation, existing program materials and selected assistance will be made available to them. The experience gained in this prototype project will provide valuable material for extending the program through similar installations throughout the United States.

The decrease of \$3,000 is due to one less day of pay in 1968.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Community immunization services.....	68	\$873, 500	68	\$871, 500	-----	-\$2, 000

Immunization Activities, in implementation of the intent of the Vaccination Assistance Act, as amended, are directed toward providing:

(1) Effective leadership and central coordination of State and local efforts leading toward improvement of immunization levels.

(2) Development and evaluation of new or improved techniques of immunology, community organization, surveillance and project operation.

(3) Expeditious application of accepted practices and new or improved methods of operation in the States and communities.

(4) Operational analyses and consultative services upon request.

While grant funds may be used for epidemiological and laboratory surveillance, the activities supported with direct funds, through the contract mechanism, are broader in scope and depth, and will produce results with broad applicability for program purposes. Contractual studies are responsive to the need for developing information for program purposes and directly lend mission support.

Following the revision and extension of the Vaccination Assistance Act, primary emphasis was placed during 1966 on the implementation of the nationwide program against measles. The Center is now providing leadership and assistance to States and communities in (1) establishing the use of measles vaccines as an integral part of official and private immunization services, (2) conducting effective promotion and motivation programs to convert public apathy into action regarding the seriousness of measles and the need for immunization against the disease, and (3) continuing close surveillance of the immunization status of the population.

Particular attention will be given to the encouragement of local efforts in the areas of motivation and public information. Using competencies that exist at the Center, prototype materials will continue to be developed for local use.

Also technical assistance will be provided in the development and effectuation of plans for achieving public response and programming for low income and hard-core groups.

There has been a moderate decline in the reported incidence of measles since the availability of vaccine, and although public acceptance of measles vaccine is improving, continued intensive public information and education activities will be needed to achieve full realization of the legislative intent of the Vaccination Assistance Act.

In 1968, the third year of the expanded immunization grant program, emphasis will continue to be placed on the same areas of program activity, but with a more even balance of program effort. While the Center will continue to provide support on a national basis to State and local motivational efforts, greater attention will be given to improved organization and operation of comprehensive immunization programs. More support will be provided for intensive measles programs and more emphasis will be placed on epidemiologic surveillance of disease. Support will be provided for continued cooperative research studies under separate contractual agreements with independent groups. Analysis and evaluation will be made of new or different methods of program operation which will be passed on to State or local health department personnel through existing channels of communication, training courses, and direct consultation and assistance.

These efforts will be continued overall but will be adjusted to mesh with individual project needs as they go through the transitional phase from an intensive to a maintenance program. While new vaccines are under development, much is being learned about the interactions of existing vaccines and revised methods for their usage. Continuing efforts are under way through a variety of mechanisms to insure that developments concerning new vaccines are properly evaluated in terms of their application in public health programs. Constructive action on the basis of these evaluations will continue to be performed, recommended and promoted by the Communicable Disease Center.

The decrease of \$2,000 is due to one less day of pay in 1968.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Tuberculosis.....	230	\$3, 617, 000	230	\$3, 669, 000	-----	+\$52, 000

Research.—Future cases of tuberculosis are dependent on disease developing in persons previously infected and on recent infections proceeding rapidly to disease. Information on risk of becoming infected with tuberculosis and of infection progressing to clinical disease is being obtained from the continued observations of populations that have participated in extensive prophylaxis trials, from skin testing 100,000 Naval recruits every year, and from animal experiments. The tuberculin test is widely used to determine who has been infected with tubercle bacilli. However, individuals infected with mycobacteria other than tubercle bacilli may also react to the test. It is essential to identify those who are truly infected with tubercle bacilli from those infected with other mycobacteria. Accumulated data indicate that this can be accomplished by a battery of tests. New skin testing products for improving the diagnosis of both tuberculous and closely related infections are being prepared and will be standardized in animals and man. Tests will be carried out to select the most efficient products. The products selected can then be prepared in large biological lots for distribution to health agencies and physicians throughout the country.

Evidence now becoming available indicates that "true" tuberculosis infection has a high risk of producing crippling, even fatal, tuberculosis. This is of vital importance since three-fourths of all new cases of tuberculosis develop from old infections. The mathematical model to rate BCG vaccine and other mycobacterial infections, developed during 1966, demonstrated that BCG can make only a minute contribution to tuberculosis control in this country while isoniazid chemoprophylaxis properly utilized provides assurance of mass reduction of the disease. The administration of isoniazid to high risk groups has been demonstrated to be markedly effective in preventing the development of disease. As the next step, the efficacy of a short course (three months) of isoniazid prophylaxis in preventing disease will be compared to the known value of a one-year course. The characteristics such as occupation, other illnesses, sex and age, and drug resistance, which contribute to increasing the risk of active disease, will be investigated through long-term observation of large groups of infected persons. Currently, studies of newly discovered "natural vaccination" effects of infection with organisms that resemble the tubercle bacillus are being intensified in both laboratory and human populations.

Technical services and training.—To make significant progress against tuberculosis special efforts must be continued to improve the skills of professional workers and recruit and train highly motivated individuals for tuberculosis control activities. A number of special programs specifically aimed at improving the skills of these professional workers are now being carried out. They include a series of 3-day symposia and nursing workshops for physicians and nurses, a professional education program for the clinical management of tuberculosis, the preparation of a series of professional automatic film projectibles covering all aspects of tuberculosis for all the Nation's medical schools, and the selection and training of highly competent individuals to work at the management level.

By the end of 1966, approximately 950 physicians had participated in the 3-day symposia. An additional 600 physicians are attending these symposia in 1967 and 600 are expected to participate in 1968. The nursing workshops held in 1966 enabled 175 nurses to update their knowledge of tuberculosis. An additional 200 nurses are participating in this in 1967 and 200 are expected to participate in 1968. In continuing the professional education program to provide physicians and nurses with the most recent developments in tuberculosis treatment and research, the programs at Denver, Colorado, and Rome, Georgia, provided intensive training in tuberculosis for 300 persons in 1966. In 1967 and 1968, 300 persons are expected to participate in this program.

Twelve professional automatic film projectibles covering various aspects of tuberculosis were prepared and distributed to the Nation's medical schools in 1966 along with automatic projectors to improve the quality of undergraduate

training in tuberculosis. An additional 8 films will be completed and distributed in 1967 and 6 more are planned for 1968.

During 1966, 3 physicians participated in a special clinical associate program in tuberculosis for a one-year period. This program to preserve professional competency in tuberculosis education was expanded to include 6 such physicians in 1967 and is expected to provide similar opportunities for 6 physicians in 1968.

Special studies are being made into the motivational aspects of patient care—cooperation and response, as well as clinic functions and management. The studies and their applicability will be continued to obtain better patient-staff rapprochement in the clinic-oriented medical management of tuberculosis patients.

The increased grant activity and overall program activities will of necessity create additional demands on staff resources. The Program will continue to be readily responsive to State and local requests for project and program consultation, evaluation and planning and for routine record consultation and review. This continues to be a particularly pressing problem when State and local programs undertake additional activities and require review and reanalysis of program standards and objectives.

At the end of 1966, approximately 50 persons had been recruited, trained, and assigned to State and local health departments under the project grant activity to assist tuberculosis controllers both in the administrative and managerial phases of their program. An additional 25 such individuals will be added to this cadre in 1967 and 25 more are expected to be recruited and trained in 1968.

A number of procedures are needed to establish a diagnosis of tuberculosis and to maintain accurate surveillance of the patient both during his period of treatment and for the 5 years thereafter when he is at highest risk of relapse. The case register is the record of these procedures, and through continuous review and analysis of the case register the needed surveillance during this crucial period is maintained. A computerized tuberculosis case register service which was field tested and placed in operation in two areas in 1966 will be provided to five additional areas in 1967. In 1968 this service will be offered to additional areas having special project grants.

The increase of \$52,000 in the tuberculosis program is composed of an increase of \$59,000 for mandatory items offset by a decrease of \$7,000 for one less day's pay in 1968.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Venereal diseases.....	353	\$4,329,000	353	\$4,366,000	-----	+\$37,000

The National Communicable Disease Center provides assistance to States and local health departments in the conduct of venereal disease control programs and for developmental activities in the areas of venereal disease education and behavioral research. The objective is to assist States in achieving the most effective utilization of their venereal disease control resources and to develop improved control techniques. Trained personnel assigned to State and local health departments will continue to assist State and local health officials in the conduct and evaluation of the syphilis eradication effort within specific geographic areas.

In the area of education, a continuing effort is being made to reestablish syphilology as an important phase of medical education by carrying out syphilis teaching programs in 23 medical schools where clinical case material is available for student-intern-resident teaching conferences.

Venereal Disease public information-awareness programs have been established in 14 areas for the purpose of awakening and maintaining community interest in the venereal disease problem. Significant progress has been made in stimulating interest by community and civic organizations in venereal disease awareness activity and the receptivity of the mass media to venereal disease control efforts. Almost every general interest magazine of importance has devoted one or more articles to the venereal disease problem and two of the three major television networks have televised venereal disease programs in prime time.

Continuing efforts have been made to incorporate venereal disease education into the schools. The recently developed "Student's Manual on Venereal Disease"

and the accompanying "Teacher's Handbook on Venereal Disease Education" are being introduced in the school systems. These texts have been received enthusiastically in most areas where they have been introduced and are supported by the American Medical Association, the National Education Association, and the National Parent-Teacher Association.

Behavioral science research to improve interviewing-investigation technique and to study population groups which may be potential reservoirs of the venereal diseases is now under way with definitive results anticipated and program implementation developed by 1968.

Buildup of military strength related to the Vietnam conflict, with an increasing percentage of military personnel deployed in venereal disease high incidence areas, calls for greater cooperation between the Public Health Service and the armed services. Some assistance will be provided in instituting venereal disease control measures for both civilian and military personnel in limited areas.

SYPHILIS RESEARCH AND SERVICES

One of the primary objectives of this activity is to conduct research leading to the development of a vaccine for syphilis and the improvement of therapeutic and diagnostic procedures. Studies on primates have demonstrated the practicality of the use of these animals as experimental models for humans because the natural course of syphilis in the infected apes seems to parallel closely that observed in human beings. Successful infection of apes with *T. pallidum* and *T. cuniculi* suggest that the chimpanzee will prove a successful experimental animal in which to test other possible immunity producing agents.

An international bank for treponemal strains is being established to accumulate and maintain isolates of *T. pallidum* and other agents causing other forms of treponematoses for use in laboratories for research. It is hoped that from among the strains one suitable for the ultimate development of a syphilis vaccine will be found. Refrigeration and other equipment needed to maintain the strains has been obtained and the collection of strains from throughout the world is actively under way.

The fundamental problem of cultivation and attenuation of *T. pallidum* or related organisms has never been comprehensively attacked. It is proposed to create and support the required competence within the National Communicable Disease Center to further research on this problem.

Other objectives of this activity are development of serologic tests for syphilis; and provision of laboratory consultation services, training courses for State laboratory personnel, and reagent check testing services on commercially produced products.

NONTREPONEMAL RESEARCH AND SERVICES

The increasing seriousness of gonorrhea in the United States is demonstrated by the fact that, with the exception of 1962, reported cases of gonorrhea have increased every year since 1957 when 216,476 cases were reported. During fiscal year 1965 (the last year for which complete statistics are available), 310,155 cases of gonorrhea were reported by health officials. Provisional data indicates that gonorrhea cases reported will increase by approximately 18,000 in fiscal year 1966.

Control of the disease is hampered by the lack of completely adequate methods of detection, treatment and prevention. Research at the National Communicable Disease Center is being conducted along these three lines of inquiry.

In 1968, research directed toward the development of a vaccine and the evaluation of rapid screening tests for disease detection will be continued. Two tests which detect antibodies in the blood of patients known to have gonorrheal infection have been developed by the Venereal Disease Research Laboratory. These tests will be critically evaluated to determine both their effectiveness and their practicality as public health measures since lack of a rapid screening test has been an obstacle to public health programs.

Several studies concerned with the isolation, purification and characterization of the antigens contained in or on the surface of *N. gonorrhoeae* are currently under way. Studies of these fractions may lead to the development of new sensitive diagnostic tests for gonorrhea. Furthermore, it is hoped that these studies will lead to the identification of those antigens capable of stimulating protective antibodies against subsequent challenge with virulent *N. gonorrhoeae* and thus form the basis for a successful vaccine.

A recent field evaluation of four therapy schedules for the treatment of gonorrhea in the female has been completed, and new therapy recommendations have been made. Throughout the country the new therapy schedules are being widely used in the treatment of gonorrhea in the female.

The increase of \$37,000 in the venereal diseases program is composed of an increase of \$48,000 for mandatory items offset by a decrease of \$11,000 for one less day's pay in 1968.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Pesticides	137	\$7,234,000	156	\$7,572,000	+19	+\$338,000

The pesticides program plans and directs a national program for the detection, assessment, control and reduction of potentially harmful exposure of man to pesticides. The program is carried out through (1) community studies consisting of epidemiological and ecological investigations on the level of pesticides in the human population; (2) State services, including the Pesticides Intelligence System; (3) registration, consisting of the review of pesticide applications for human health implications prior to issuance of registration certificates by the Department of Agriculture; and (4) research and development. From these efforts it is hoped to gain a better understanding of the safe and effective use of pesticides.

COMMUNITY STUDIES

Community studies on levels of pesticides in the human population and the environment are conducted under contractual arrangements with State or local health departments, and with academic institutions and medical schools servicing these communities. The studies activated and continued in 1966 are located in Arizona, California, Colorado, Florida, Hawaii, Illinois, Iowa, Louisiana, Michigan, New Jersey, Texas, and Washington. A number of areas are now being studied for the purpose of establishing four new community studies in 1967.

In 1966 the ecological aspects of the communities under study were evaluated as to amounts and classes of pesticides used, the types of individuals handling these toxic chemicals, and the methods of application. Data were correlated with the measurement of environmental exposure from air, water, soil, and diet. These then were related to residue levels in body tissues, fluids and excreta, the metabolic rate and final disposition. These studies are carrying out the Public Health Service responsibility for the determination of pesticide levels in man under various exposure conditions as recommended by the President's Science Advisory Committee in its report "Use of Pesticides."

In 1968 the community studies will continue at the same level as in 1967.

STATE SERVICES

The Pesticide Intelligence System, in support of recommendations by the President's Science Advisory Committee, has established a comprehensive data-gathering and dissemination mechanism which functions as a national clearing house for all available epidemiological, toxicological and pharmacological research information pertaining to the toxic effects of chemical pesticides on human health. In addition, this System functions as the focal point for a broad, national monitoring network to continuously survey and assess levels of pesticides and their metabolic by-products in a large and statistically valid segment of the general population to obtain a clear understanding of the manner in which these chemicals are absorbed and distributed in the human body.

In 1966, the System increased its repository of basic research information on human exposures to pesticides and their toxicological and pharmacological effects in man and animals by more than 30 percent. It accumulated a total of 37,000 research citations and documents. Feasibility studies were completed and development commenced to implement automated procedures to maintain surveillance of the world literature and collect, translate as necessary, store, retrieve and rapidly disseminate pesticide research and monitoring information and data. Employing interim manual methods, approximately 50 percent of the collected

information has been indexed and catalogued for use. Special research information studies have been conducted, covering more than 3,000 documents, in direct response to scientists engaged in human health pesticides research.

Preliminary studies to develop a comprehensive data-gathering mechanism to assess pesticide levels in a broad sample of the general population were also completed in 1966.

Automatic selective dissemination of data is programed to begin in 1967, and epidemiological and related criteria are also being established to implement a nationwide network to monitor pesticide levels in human beings. A nucleus of 12 sampling stations and standardized procedures for collecting, handling and analyzing human tissue and body fluid samples will be completed and operational in the first part of 1968.

The problem of collecting, interpreting, and disseminating information on both acute and chronic disease capability attending the increasing annual use and buildup of pesticides in the American environment will require additional resources. An automated system of receipt, cataloging, and dissemination of published data and special reports to the audiences of concern will be on a routine basis in 1968.

State and local health departments lack competence in epidemiology as it applies to the field of pesticides and health and in analytical chemistry to enable accurate and rapid detection of chemicals and their metabolites in the body and in the environment. In 1966, technical assistance was given to various State health departments and community studies contractors. In addition, training was given to pesticides chemists who work on community studies contracts for State health departments and other non-profit university medical centers. In 1967 and 1968 continued technical assistance to increase the competence of the States and the training of pesticide chemists in a common methodology for the analysis of pesticide residues will continue.

An increase of 17 positions and \$299,000 is requested to carry out and advance the State services activities and meet the need to understand and assess the total impact of pesticide exposure upon human health.

REGISTRATION

The Public Health Service, under an Inter-departmental agreement with the Departments of Agriculture and Interior, is charged with the responsibility of reviewing pesticide applications for human health implications prior to the issuance of a registration certificate by the Department of Agriculture. During 1966 the registration staff processed 12,774 registration applications for scientific evaluations on human health. Of these, over 60 percent were returned to USDA with comments of public health implications. However, an in-depth evaluation was given on only a small number of compounds because of limited staff.

The registration staff will review an estimated 20,000 submissions during 1967 and it is anticipated that this level will be maintained during 1968. These reviews will involve a more sophisticated and critical evaluation of certain compounds, such as, lindane, mercury, piperonyl, butoxide, and diazanon.

RESEARCH AND DEVELOPMENT

Public health action to prevent undue exposure to pesticides must be based on validated laboratory procedures and confirmed data. Broad spectrum programs have already been initiated in toxicology and chemistry. Specifically involved are long-term chronic toxicity studies of pesticides on primates. The principal classes of pesticides involved in these studies are chlorinated hydrocarbons, organophosphorous compounds, and the carbamates.

Investigations are underway and will be continued for improving analytical methods for new and old pesticides to permit more refined residue analysis in man, animals, and environmental media. Such information will permit medical and public health laboratories to make more rapid and accurate diagnosis of poisoning in man. The magnitude of this effort is exemplified by the fact that there are over 40 classes of pesticide compounds covering 500 formulations that are of public health significance and for which adequate toxicological data are extremely limited or nonexistent. Much of the present toxicology data is based on short-term studies of acute toxicity levels. Many well-known pesticides, however, have not been investigated for possible chronic effects which reasonably could occur from low-level exposure over a long period of time. The toxicological evaluation of such compounds requires the investigation of their breakdown in

the human body and their final disposition. Such studies embody a determination of the physiologic and pathologic manifestations that may accompany their use. New and effective pesticidal chemicals are continually being produced and their safe use depends completely upon a toxicological evaluation.

Federal Committee on Pest Control.—The Pesticides program provides the permanent Secretariat of the Federal Committee on Pest Control. The Secretariat and its subcommittee on information, research, and monitoring coordinate the increasing efforts of various Federal agencies in the development, study, and use of pesticides. Increasing demands will be placed on this interdepartmental staff in 1968 for review and analytical work on all aspects of pesticides. For this workload an increase of 2 positions and \$39,000 is requested in 1968.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Foreign quarantine.....	677	\$8,181,000	643	\$8,175,000	-34	-\$6,000

The Foreign Quarantine Program: (1) Plans, directs, and conducts the national program to protect the United States against the introduction of communicable diseases from foreign countries; (2) provides epidemiological data on world-wide communicable disease prevalence; (3) implements the provisions of the International Sanitary Regulations; (4) and identifies medically under existing laws, visa applicants who have mental and/or physical defects by conducting and supervising visa medical examinations abroad.

The six quarantinable diseases presently prescribed by the International Sanitary Regulations are cholera, plague, louse-borne relapsing fever, smallpox, louse-borne typhus and yellow fever. In addition to these the Quarantine Program is concerned with the protection of the United States against other "dangerous" diseases. The latter includes exotic infections which presently do not exist in this country, and infections, both rare and fairly common which do exist, but which may become more important if additional infections are introduced. Recent outbreaks of these diseases in other parts of the world, particularly in the Far East involving or exposing U.S. citizens points up the great danger to our population should we relax our vigilance at ports of entry.

Smallpox continues to be endemic in countries of Asia, Africa, and a few countries of South America. Its potential spread into international traffic is a great threat to this country. The United Kingdom has been experiencing an epidemic in the Midlands since February 1966 with 61 cases reported to date. The World Health Organization announces that a total of 42 nations reported 50,557 cases of smallpox to them in calendar year 1965. An outbreak of yellow fever occurred in Senegal in December which threatened the international port of Dakar. Plague has been widespread in Viet-Nam, including the ports of Saigon, Dalat, Nhatrang, and Danang. There were 1,946 plague cases reported from January 1 through July 23, 1966.

To support and carry out its responsibilities the program performs health inspections of international travelers, ships and airplanes, and certain imports at U.S. ports of entry. When necessary, the program applies health controls to prevent the importation or spread of disease in the United States, i.e. encourages the periodic vaccination of people most likely to come in contact with an infected traveler, and informs travelers about health requirements for foreign travel.

In addition, the program conducts medical examinations of visa applicants at U.S. consulates abroad and medical inspections of aliens at ports of entry to detect diseases and conditions specified as excludable in immigration law.

The program also directs an entomology program, as it relates to the introduction of entomological vectors of disease through international traffic; controls the admission of certain animals and etiologic agents; and conducts a sanitation program to prevent the entrance of any disease that might be transmitted by water, food, or other environmental factors.

EXAMINATION OF ALIENS AND QUARANTINE INSPECTIONS AT U.S. PORTS

Domestic operations of this program include quarantine functions at over 400 continental and insular locations in the United States and its possessions.

The following table reflects selected major workloads at U.S. ports of entry:

	Actual, 1966	Estimate, 1967	Estimate, 1968
Persons inspected, total.....	130,114,591	136,781,000	143,801,000
Arriving persons, total.....	130,113,605	136,780,000	143,800,000
U.S. citizens.....	52,668,118	55,396,000	58,239,000
Aliens.....	77,445,487	81,384,000	85,561,000
Arrivals by vessel:			
Vessels cleared.....	37,169	37,500	38,000
Persons inspected.....	2,242,509	2,280,000	2,300,000
Arrivals by aircraft:			
Aircraft cleared.....	90,755	97,500	107,000
Persons inspected.....	5,204,520	6,000,000	7,000,000
Arrivals by land: ¹ Persons inspected.....	122,666,576	128,500,000	134,500,000
Warrant and adjustment of status cases.....	986	1,000	1,000
Persons medically examined for communicable diseases.....	17,838	19,500	21,000
Diagnosed positive.....	10,172	11,500	12,000
Vaccinations for smallpox.....	966,936	1,025,000	1,093,000
X-rays taken (Mexican border).....	350,166	367,000	385,000
Quarantine detentions.....	19	50	50
Importations inspected ¹ (certain animals and etiological shipments).....	227,170	238,000	250,000

¹ Includes inspections performed by FQ, Immigration, Customs, and Agriculture at the Mexican border under the joint primary inspection program.

Within the framework of the domestic operation, the Program expects expanded workload and will continue to function to the best of its ability in meeting its program requirements. These are: (1) quarantine inspection of persons at ports of entry, (2) application of measures to prevent the introduction into the country of dangerous communicable diseases and their vectors from abroad, (3) medical inspection of aliens to prevent entrance into this country of any alien with a disease or medical condition excludable by law, and (4) epidemiological communication operations with the collection, analysis, and dissemination of information on epidemic disease areas throughout the world to quarantine stations and appropriate agencies.

These elements involve a broad span of complex operations, such as the application of epidemiological communication operations to direct health procedures on persons at the ports of entry and a sophisticated network of notification, surveillance, and quarantine of those persons suspected of having a dangerous communicable disease. These operations are carried out in cooperation with international, national, state, and local health organizations through a continuous program of intercommunication. The strength of this program lies in its potential to meet its obligations for immediate action under all conditions and circumstances.

Beginning in 1967, greater emphasis will be placed on surveillance rather than inspectional activities. This program redirection will permit a reduction in the level of staffing requirements. It is anticipated that 34 fewer positions will be needed for the streamlined operations. The net decrease of \$6,000 is due to mandatory adjustments.

EXAMINATION OF VISA APPLICANTS IN FOREIGN COUNTRIES

Medical examinations of certain visa applicants are provided in accordance with the provisions of the Immigration and Nationality Act and the Public Health Service Act.

Immigrants and certain other visa applicants are required to submit to a medical examination as a step in the legal procedure for obtaining a visa. About 40 percent of these examinations are now being conducted by panels of local private physicians who are designated by consular offices by the Department of State. These physicians perform medical examinations of certain visa applicants and are paid for by the applicant. In certain localities, and to the extent possible, the consular officers and the local physicians are given advice and consultation by Public Health Service physicians.

The Public Health Service and the Bureau of Security and Consular Affairs, Department of State, have recognized the need for increased participation of the Foreign Quarantine program in the medical examination of visa applicants. As a result of this recognition the Department of State and the Public Health Service agreed to the following in 1963:

1. Public Health Service American physicians abroad will serve primarily in a supervisory and consultative capacity on a regional basis, rather than in the routine medical examination of applicants.

2. Insofar as practicable and consistent with efficiency of the total operation, panel physicians will be replaced gradually by contract location doctors supervised by regional Public Health Service physicians.

3. Until panel physicians can be replaced by contract location physicians or where for some reason the Public Health Service or the Chief of the Mission considers it advisable not to replace them, the Public Health Service regional physician will continue to offer consultative advice to the Department of State with respect to the work of panel physicians.

The long-range plans of the Foreign Quarantine program, which have been approved in principle by the Department of State and the Bureau of Budget, call for (1) the conversion of some existing PHS examining units to contract locations; (2) area supervision and consultation to contract locations and panel physicians and (3) an increase in the number of contractual arrangements for medical examinations in lieu of the present panel of physicians.

Fees are charged for each medical examination of a visa applicant performed by a physician employed or contracted for by the Public Health Service (except non-immigrants under U.S. Government sponsorship and refugees or escapees). It is estimated that the total fees collected in 1968, approximating \$2,424,000 will more than offset the cost of administering the visa medical examination program estimated at \$2,134,000.

Basic data, 1960 through 1968

	Examinations	Medical notifications ¹	Obligations	Fee collections
1960 actual	173, 402	44, 059	(²)	(²)
1961 actual	185, 142	53, 333	(²)	(²)
1962 actual	189, 192	62, 955	(²)	(²)
1963 actual	187, 166	62, 301	(²)	(²)
1964 actual	170, 074	55, 242	\$1, 299, 925	\$1, 348, 700
1965 actual	190, 699	69, 756	1, 374, 905	1, 876, 816
1966 actual	212, 325	82, 013	1, 841, 261	2, 242, 557
1967 estimate	252, 000	97, 000	2, 114, 500	2, 331, 000
1968 estimate	254, 000	101, 000	2, 134, 000	2, 424, 000

¹ Medical notifications are the number of physical and mental conditions found following the medical examination of aliens for visa purposes. These findings are reported to the consular office and may result in the refusal of a visa to the applicant.

² Information not available.

Implementation of the policy objective of changing panel physician locations to contract locations has been accomplished at Glasgow, Scotland; Madrid, Spain; Bogota, Columbia; Buenos Aires, Argentina; Genoa, Italy; Tel Aviv, Israel; Guadalajara, Mexico and Santo Domingo, Dominican Republic. In fiscal year 1967, conversion of panel location to contract location will be accomplished at Calgary, Canada; Guayaquil, Ecuador; Lima, Peru; Caracas, Venezuela, and Oslo, Norway.

New contract locations will be developed in 1968 to the extent that the examinations can be accomplished within funding levels available and subject to the following:

1. Availability of adequate local medical personnel willing to assume responsibility for visa medical examinations.

2. Availability of space for medical examination purposes at the consulate or embassy.

3. Availability of adequate physical facilities (including laboratory and X-ray capability) in reasonable proximity to the consulate or embassy.

4. Cost.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
<i>Aedes aegypti</i> eradication.....	349	\$14, 679, 000	349	\$16, 691, 000	-----	+\$2, 012, 000

The program for the eradication of *Aedes aegypti* from the United States (10 southeastern States and Hawaii) and its possessions (Puerto Rico and the Virgin Islands) was approved and funds appropriated in 1964 to fulfill our international commitment with the Pan American Health Organization and to remove the continually potential threat of introducing certain diseases into the United States. Illustrative of this potential threat was the dengue fever epidemic in 1963 throughout the Caribbean. This epidemic involved more than 30,000 cases of dengue fever and some 28 cases that were introduced in the United States.

To date, activities have consisted of (1) extensive surveys to delineate areas of infestation; (2) operations in the Virgin Islands, Puerto Rico, Hawaii and some 39 heavily infested areas of Texas, Florida, Georgia, Alabama, and South Carolina representing approximately one-third of the population residing within the yellow fever receptive area; (3) laboratory and field investigations to improve the efficiency and economy of operations; and (4) seasonal operations in areas of limited infestations (Louisiana, Arkansas, and Tennessee).

The increase in 1968 is required to extend on-going programs into contiguous areas that will help protect States in which eradication has been achieved from reinfestation; to attain greater public and private assistance through emphasis provided to the scope and role of informational and educational activities; and to initiate eradication procedures in a few critical additional areas of focal infestations contributing to intra-project, interstate, and international transport of *Aedes aegypti*. Peripheral expansion is necessary to achieve programmed curtailment of surveillance forces which otherwise would be required to prevent reinfestation. With emphasis on informational and educational activities provided in some areas, the objectives of eradication can be made less costly through citizen efforts directed toward community betterment, and through assistance from existing State and local agencies. Because of possible reinfestation of all *Aedes aegypti* free areas by transport of insect eggs through commercial traffic in used tires, scrap appliances and automobiles, the large sites located in several States and used for collection and distribution of these materials must be subjected to eradication procedures and surveillance.

The increase of \$2,012,000 will support peripheral expansion of on-going programs to prevent prolongation of the eradication program, reduce total costs, and decrease threats to successful accomplishments posed by possible development of resistance of the *Aedes aegypti* to available insecticides.

New positions requested, fiscal year 1968

	Grade	Annual salary
Communicable diseases:		
Medical officer.....	GS-16	\$20,075
Scientist.....	GS-15	17,550
Medical officer.....	GS-15	18,157
Scientist (2).....	GS-14	30,212
Public health program specialist.....	GS-14	15,106
Scientist.....	GS-13	12,873
Public health program specialist.....	GS-13	12,873
Scientist (2).....	GS-12	21,854
Statistician.....	GS-12	10,927
Scientist (3).....	GS-9	25,437
Scientist (5).....	GS-7	38,645
Statistician.....	GS-7	6,451
Scientist (5).....	GS-5	30,879
Clerical assistant (3).....	GS-5	15,993
Laboratory technician (2).....	GS-2	7,850
Total (30).....		284,882
Pesticides:		
Scientist.....	GS-14	17,198
Do.....	GS-13	15,561
Public health program specialist.....	GS-13	12,873
Medical officer.....	GS-12	13,201
Engineer.....	GS-12	10,927
Statistician.....	GS-12	10,927
Information specialist.....	GS-12	10,927
Public health program specialist.....	GS-12	10,927
Scientist.....	GS-11	9,536
Public health program specialist.....	GS-11	9,221
Statistician.....	GS-9	7,606
Program publications specialist (3).....	GS-9	23,088
Clerical assistant (2).....	GS-5	10,662
Program publications specialist.....	GS-5	5,331
Clerical assistant (2).....	GS-4	9,552
Total (19).....		177,627
Total new positions, all activities (49).....		462,509
Positions eliminated: Inspectors (34).....	GS-9	208,340

CENTER COMPONENT OF NEW BUREAU

Senator BARTLETT. The next witness is Dr. David Sencer.

Dr. SENCER. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, the National Communicable Disease Center is the oldest center in the Public Health Service. This year the Communicable Disease Center completes 20 years of service to our States and joins four other centers in the new Bureau of Disease Prevention and Environmental Control. The Communicable Disease Center feels at home in this environment of centers because its mission has been disease prevention, control, and eradication; and, the techniques of communicable disease control can be and should be broadly applied to better the health of the Nation.

PESTICIDE UTILIZATION FOR DISEASE CONTROL AND ENVIRONMENTAL CHEMICALS

The use of pesticides has brought about dramatic change in the occurrence of communicable disease, but we also recognize that pesticides are one of the major chemical contaminants in our environment. The safe and effective usage of pesticides for disease control has long been a responsibility of the Communicable Disease Center. The reorganization will allow the fullest exploitation of our talents to understand the human effects of these compounds and thus can provide a model for the study of other chemicals in our environment.

FOREIGN DISEASE QUARANTINE AND INTERNAL DISEASE CONTROL

Foreign quarantine has long been an important factor in the control of communicable diseases by excluding them from the United States. Coupling this effort with internal communicable disease control programs will make this Nation healthier. Thus, the reorganization has strengthened the total program for infectious disease control, and I am here today to defend the communicable diseases budget of \$72,272,000, an increase of \$4,029,000.

PROBLEM SCOPE

Although infectious diseases, many of them preventable, cause death, disability, discomfort, and hundreds of millions of man-days lost from work, infectious diseases are most often noticed in unusual occurrences. A single case of plague is newsworthy; 50,000 cases of tuberculosis can occur with little public awareness. An encephalitis epidemic can call forth the Air Force to spray a community with pesticides; but increasing venereal disease in teenagers is often ignored by press and PTA's. All of these events occurred in the past year.

PLAGUE

Consider the potential of plague. Five persons contracted the disease from natural reservoirs in the West. This past year saw major outbreaks of plague in wild animals, and the increased recreational use of our land increases the chance of exposure. The sixth case is frightening. A furloughed service man from Vietnam, where plague is epidemic, was admitted to a hospital in a Western State and remained for 16 days before the disease was suspected. Slightly altered circumstances could have led to pneumonic plague—a true catastrophe, for pneumonic plague can spread into an epidemic, with human-to-human transmission.

FOREIGN QUARANTINE

This illustrates the need for reorienting our foreign quarantine activities to a posture of intensive surveillance abroad, at our borders, and at home. We cannot rely on a principle of exclusion. We must actively seek out possible hazardous situations before they strike. Today's transportation and movements of people are so rapid and of such magnitude that we need increased vigilance to protect our people from plague, smallpox, malaria, and other diseases which are still rampant in many parts of the world.

TUBERCULOSIS

Although the 49,000 new cases of tuberculosis represent a decrease from the previous year, it is a small decrease. This is not to indicate lack of progress. The increased productive activity in State and local tuberculosis control programs that has been manifested in the 2 years since the report of the Task Force on Tuberculosis Control bodes well for the future. The nature of tuberculosis is such that immediate gains in lowered morbidity are not to be expected, but performance of vital tuberculosis control procedures has markedly improved.

Parenthetically, I might say we have seen in the past year a truly remarkable decrease in TB in Alaska. Unfortunately, Alaska had a

long way to go in the TB problem, but the rate in the past year is almost one-half of what it was in 1965.

In the continental United States the total coverage, including intensified activities, was expanded from 60 percent to include 75 percent of all new cases. The program for tuberculosis testing of children entering school increased from 20 percent to 60 percent of all first graders.

ENCEPHALITIS

This year there were two major epidemics of encephalitis—one in Dallas, the other in Corpus Christi. Last year, this committee approved our request for additional funds for investigation in encephalitis. Today, I am pleased to report progress. In the 1964 epidemic in Houston, the disease went undiagnosed for almost 6 weeks. This year, through laboratory support from the Communicable Disease Center, it was recognized in almost the first week in Dallas. In 1964, conventional mosquito control efforts had little effect upon the epidemic. This year, as a result of research conducted jointly by the Communicable Disease Center and the Air Force, a new method of aerial spraying was used and stopped the transmission of the virus of encephalitis.

VENEREAL DISEASE

Although venereal diseases continue to increase in numbers of reported cases, we are hopeful that the tide is turning as far as syphilis is concerned. For the first year since 1958 there has been no reported increase in infectious syphilis. We would like to believe that this is due to the increased control activities supported as a result of the Task Force Report on Syphilis Control. To put blind faith in this, however, would be to court disaster. Therefore, we are exploring better methods of epidemiology, of screening, of diagnosis, and are progressing toward a vaccine. If there is some optimism in regard to syphilis, all I can report is pessimism with respect to gonorrhea. Each year, but one, for the past 10 years, this disease has increased.

MEASLES

There are other communicable diseases which have not yet been conquered, but where the solution is close upon us. To mention two: the measles—German and red. Last year, we asked for and were given support to develop a method for the rapid diagnosis of German measles—rubella. I am pleased to report that we have accomplished this. Concurrently with the National Institutes of Health, our virologists developed a rapid, sensitive, and simple test to diagnose the disease. In December representatives from 32 States were trained to perform the test and were furnished the reagents to use.

Last year we requested and received funds to institute a nationwide program to control red measles—rubeola. Our experience to date has been encouraging—measles is at an all time low. This year we are broadening our horizon and asking for funds to eradicate the disease. This will be accomplished through our program of grants for immunization activities and by increasing our assignment of epidemiologists to States to improve surveillance. It can only be through epidemiological surveillance that true eradication can be achieved.

"Aedes aegypti"

Measles is a disease still with us. Yellow fever has not been with us since 1924. This disease, however, still constitutes a threat to us so long as the *Aedes aegypti* mosquito, which carries dengue as well as yellow fever, is present. Equally, if not more important, is the constant threat—and occasionally the occurrence—of an exportation of our country's yellow fever mosquitoes to other countries of the hemisphere which have already achieved eradication. Therefore, we are engaged in a program of eradicating that vector, the *Aedes aegypti* mosquito, from the United States. At the end of December 1966, 51 percent of 571 operational zones in advanced program areas were free of *Aedes aegypti*, and other zones showed marked reduction in the prevalence of this mosquito.

INTERNATIONAL HEALTH

While not defended in this budget, two programs of eradication should be mentioned, for they have become integral parts of our Communicable Disease Center operation—malaria and smallpox eradication. The Communicable Disease Center is now the operating agency for the Agency for International Development in both of these programs—the former program in existence since 1958, the latter new this year. In malaria we have programs and staff in 17 countries; in smallpox, 19 countries of west Africa.

LABORATORY PERFORMANCE

During this past year we have developed considerable information on the problems in the clinical laboratories of this country. As a result of this, the chairman of this committee has introduced legislation, S. 1131, which includes provisions that will be a beginning toward solving the problems. This bill will authorize the Secretary to set standards of laboratory performance for and licensing laboratories in interstate commerce.

HAZARDS OF INACCURATE PERFORMANCES

Accurate laboratory performance is essential today in the practice of medicine. Yet up to 25 percent of the laboratory determinations performed were in error. Consider that a falsely positive test for rabies can lead to a painful series of injections that occasionally causes permanent spinal damage, that a falsely positive test for syphilis can ruin a marriage, that an error in blood typing can cause death, and it is obvious that a 25 percent error rate cannot be tolerated.

REMEDIAL RECOMMENDATIONS

The remedies include establishment of Federal standards of performance, licensure of laboratories in interstate commerce, support to States to develop programs of laboratory performance improvement in all labs, and strengthening the existing laboratory improvement program of CDC. I would emphasize the word "improvement," for our goal is not control of labs, but better service for better health.

BUDGET REQUEST INCREASE

Therefore, we present for your consideration this budget of \$72,272,000, including program increases for our program of improving the quality of laboratory performance, expansion of the *Aedes aegypti* eradication program, improving our knowledge of pesticides, and strengthening our research grant program. Project grants to States for tuberculosis and venereal diseases are included in the appropriation "Comprehensive Health Planning and Services."

I would be pleased to answer any questions.

Senator BARTLETT. Thank you, Dr. Sencer. You are seeking \$72,270,000, and how does it compare with the budget for this fiscal year?

Dr. SENCER. Increase of \$4 million, sir.

DEPARTMENTAL AND BUDGET BUREAU REDUCTIONS

Senator BARTLETT. Did you request other funds that were not allowed either by Department or Bureau of the Budget?

Dr. SENCER. Yes; the Bureau reduced the request by \$8,545,000, and the Department by \$2,100,000.

Senator BARTLETT. What categories?

Dr. SENCER. The Bureau of the Budget reduced our request in many, in fact, just about every category; and the Department, in our immunization program.

Senator BARTLETT. What were the reasons, if you know, for the budget cuts?

Dr. SENCER. I think the Department believed we could administer our immunization grant program more economically and provide sufficient immunization services. I believe the reductions in other programs were due to necessities of the time, sir.

Senator BARTLETT. In your judgment, are you hurt badly?

Dr. SENCER. I think we could have used the money profitably to improve the health of the country, but I also think we can hold our own and continue to make gains with the amount allotted, sir.

BUREAU CREATION CONSIDERATIONS

Senator BARTLETT. What is the motivating factor behind the joining of the Communicable Diseases Center with four other Centers?

Dr. SENCER. I think it is because the five Centers in the Bureau of Disease Prevention and Environmental Control all use common technology. We are all concerned with protecting the people from assaults from the society we live in. In our case we are concerned with protecting people against micro-organisms, and in the case of the Center for Radiological Health, for example, they are trying to protect the public from effects of ionizing radiation.

We use epidemiology, surveillance, and control techniques.

PLAGUE NATURAL RESERVOIRS

Senator BARTLETT. Referring to your statement on plague, you told the committee that five people contracted plague from natural reservoirs. How did it come about?

Dr. SENCER. It is a disease continually present in the Western States in the small mammals—ground squirrels, prairie dogs, and so on, and as people do more camping and live in the out-of-doors more often they come in contact with the fleas of these animals, which leave the animal and feed upon humans.

Senator BARTLETT. What is the meaning of "reservoirs"?

Dr. SENCER. We refer to the prairie dog as being a natural reservoir, reservoir in nature.

PLAGUE DETECTION

Senator BARTLETT. Relating to the serviceman in Vietnam who was in a hospital 16 days before he had been discovered to have had plague, I assume this is a very real problem because there is so little plague in the country that doctors are not likely to recognize it.

Dr. SENCER. That is right.

Senator BARTLETT. What are the tests?

Dr. SENCER. Well, the only accurate test for plague is either culturing the organism in a test tube usually from a biopsy material, by removing a lymph node, or by the fluorescent antibody test which was developed at CDC. This is how the case was finally diagnosed.

Senator BARTLETT. Do these resemble—what else?

VIETNAM SERVICEMAN PLAGUE DETECTION

Dr. SENCER. Well, this is interesting. This man, after returning home from Saigon, developed a knot in the groin and the first doctor thought it was a hernia and sent him to the hospital, where they discovered it was not a hernia but a swollen lymph node and they thought he might have leukemia. They removed the lymph node and they examined it under a microscope. They diagnosed it as an infectious process rather than leukemia but nobody thought of the plague.

Senator BARTLETT. How was it discovered, then?

Dr. SENCER. A consultant came into the hospital from the medical school in Dallas and took the time to do a good history, and found out where the man had been and what he had been doing in Saigon. His job in Saigon had been on a work detail, tearing down old buildings which were full of rats. He commented that the company working on the detail had a contest of stomping on the rats and he got the biggest one.

Senator BARTLETT. And something else?

VIETNAM DISEASE TRANSMISSION TO UNITED STATES

Dr. SENCER. And something else, the plague. This is an increasing problem, because of this transit of people and material back to the States from Vietnam; we know that the plague is rampant in Vietnam and we are concerned that rats may get into the pallets which are destined for return to the States.

We are arranging for a survey of the airport area in Saigon, Vietnam, to see the potential risk.

INVESTIGATION PROCEDURES

Senator BARTLETT. If the plane, if it happens to be a plane that is involved, lands at the first airport in this country, what is done in respect to eradicating this?

Dr. SENCER. If it is a military plane, it is inspected for rodents by military personnel. Unfortunately, it is a difficult operation because of the large packing crates used and the difficulty of inspecting all of them.

It is of particular concern to us because Hawaii is free of plague and has been for a good number of years. Our research labs in Savannah are working with foreign quarantine to find better methods of fumigation of aircraft for rats.

Senator BARTLETT. And is it also with the civilian airplanes?

Dr. SENCER. This is one of the foreign quarantine jobs.

Senator BARTLETT. How about ships?

Dr. SENCER. They are also inspected for rats as well as for disease in humans.

Senator BARTLETT. This is a tremendous job?

Dr. SENCER. Yes, it is. I don't think this is just knocking on wood, but we have not had rats imported into the country so far. We think the surveillance of the ships has been good enough to protect us.

Senator BARTLETT. Considering the situation in Southeast Asia in which we find ourselves involved, this danger is ever present?

Dr. SENCER. Yes, sir.

ENCEPHALITIS: MALATHION AERIAL SPRAYING

Senator BARTLETT. In connection with encephalitis, you mentioned a new method of aerial spraying?

Dr. SENCER. Yes, sir. It is a method we developed to try to reduce the amount of insecticide used for mosquitoes in Puerto Rico. It is a low volume of malathion using a special nozzle that breaks it into small particles that will infiltrate down through trees and get into the place where the mosquitoes rest.

U.S. TUBERCULOSIS PATIENTS

Senator BARTLETT. How many people in the United States, if you know, suffer from TB?

Dr. SENCER. Well, there are around 49,000 new active cases of TB. This is an understatement of the actual problem. If you consider a person who has, say, newly reported TB, and is going to be sick or disabled for a minimum of a year, you immediately will double that number to close to 100,000; then this person should be kept under observation for a minimum of 5 years, so you are getting up to close to 500,000 people who need services from our health departments and private physicians.

Senator BARTLETT. How many total cases in the United States do you figure on?

Dr. SENCER. We know of 49,000 newly reported active cases. We also estimate around 20,000 people who relapse each year. I would say that the work load of the health department is one-half million people with TB that need services.

STATE INCIDENCES OF TUBERCULOSIS

Senator BARTLETT. Can you supply at a later date for the committee the incidence of TB in each of the States for the last 5 years?

Dr. SENCER. Yes; I don't have it for the last 5 years with me but we can; yes, sir.

(The information follows:)

New active tuberculosis cases and case rates, each State, 1962 through 1966

State	1962		1963		1964		1965		1966 (prov.)	
	Number	Rate ¹	Number	Rate ¹	Number	Rate ¹	Number	Rate ¹	Number	Rate ¹
U.S. total.....	53,315	28.7	54,042	28.7	50,874	26.6	49,016	25.3	48,026	24.5
Continental United States.....	52,698	28.5	53,526	28.5	50,256	26.4	48,434	25.1	47,617	24.4
Alabama.....	1,164	35.1	1,326	39.3	1,259	36.7	1,417	40.6	1,249	35.5
Alaska.....	323	133.4	279	113.4	338	135.2	302	113.1	147	54.0
Arizona.....	703	47.3	631	41.6	652	42.1	573	36.4	487	30.1
Arkansas.....	660	35.8	672	35.3	663	34.2	649	33.4	589	30.1
California.....	5,032	29.5	5,034	28.7	5,025	27.8	4,577	24.9	4,653	24.6
Colorado.....	294	15.5	289	15.1	290	15.0	274	14.1	239	12.1
Connecticut.....	337	12.8	301	11.1	383	13.8	335	11.8	293	10.2
Delaware.....	179	38.3	143	29.8	154	31.0	141	28.0	173	33.8
District of Columbia.....	599	75.9	474	59.4	503	63.1	536	66.8	619	76.6
Florida.....	1,439	26.4	1,563	28.3	1,407	24.9	1,521	26.2	1,574	26.5
Georgia.....	1,189	29.1	1,261	29.9	1,314	30.6	1,269	28.9	1,270	28.5
Hawaii.....	294	42.4	237	34.6	280	39.5	280	39.4	262	36.5
Idaho.....	82	11.7	71	10.3	73	10.6	52	7.5	65	9.4
Illinois.....	3,895	38.6	3,739	36.0	3,370	32.0	3,250	30.5	2,959	27.6
Indiana.....	1,231	26.4	1,351	28.3	1,195	24.7	1,119	22.9	981	19.9
Iowa.....	186	6.7	186	6.8	179	6.5	166	6.0	181	6.6
Kansas.....	273	12.3	283	12.8	234	10.5	242	10.8	266	11.8
Kentucky.....	1,316	42.7	1,190	38.1	1,183	37.6	1,193	37.6	1,344	42.2
Louisiana.....	1,060	31.4	1,068	31.3	1,066	30.6	931	26.2	1,000	27.8
Maine.....	164	16.8	156	15.8	119	12.0	142	14.4	128	13.0
Maryland.....	1,350	41.8	1,361	40.6	1,187	34.5	1,234	34.9	1,200	33.2
Massachusetts.....	1,182	22.8	1,097	20.7	977	18.4	969	18.1	924	17.2
Michigan.....	2,288	28.4	2,433	30.3	2,196	26.9	2,199	26.4	2,425	29.0
Minnesota.....	501	14.4	456	13.1	412	11.7	419	11.8	380	10.6
Mississippi.....	654	28.9	687	30.1	751	32.7	661	28.6	658	28.3
Missouri.....	1,252	29.0	1,245	28.4	1,116	24.9	1,043	23.2	1,046	23.2
Montana.....	116	16.6	127	18.1	120	17.1	133	18.9	96	13.7
Nebraska.....	168	11.6	146	9.9	140	9.5	141	9.7	126	8.7
Nevada.....	176	50.3	135	34.7	250	59.7	189	43.5	229	50.4
New Hampshire.....	70	11.3	73	11.3	54	8.2	48	7.1	54	7.9
New Jersey.....	1,533	24.1	1,634	24.9	1,738	26.1	1,674	24.7	1,601	23.2
New Mexico.....	330	33.1	395	40.1	359	35.4	288	28.4	267	26.1
New York.....	6,442	36.8	6,756	38.2	5,922	33.1	5,869	32.4	5,345	29.3
North Carolina.....	1,344	28.6	1,386	29.0	1,282	26.4	1,276	25.9	1,284	25.7
North Dakota.....	77	12.2	88	13.6	66	10.2	49	7.5	43	6.6
Ohio.....	2,447	24.4	2,439	24.4	1,938	19.1	1,729	16.9	1,507	14.6
Oklahoma.....	513	21.0	584	23.9	513	20.8	605	24.7	500	20.3
Oregon.....	417	23.1	395	21.3	416	22.1	361	18.6	387	19.8
Pennsylvania.....	3,340	29.3	3,113	27.2	2,929	25.5	2,686	23.2	2,675	23.1
Rhode Island.....	173	19.7	154	17.3	146	16.1	140	15.7	140	15.6
South Carolina.....	799	32.6	740	29.6	683	27.1	758	29.7	698	27.0
South Dakota.....	120	16.6	96	13.6	131	18.7	166	24.2	159	23.3
Tennessee.....	1,585	43.4	1,541	41.1	1,459	38.4	1,356	35.2	1,413	36.4
Texas.....	2,444	24.1	2,858	27.9	2,595	25.0	2,583	24.4	3,135	29.2
Utah.....	47	4.9	80	8.2	100	10.3	88	8.9	74	7.3
Vermont.....	58	15.0	54	13.3	60	15.2	42	10.4	35	8.6
Virginia.....	1,391	32.7	1,806	42.2	1,900	43.5	1,754	39.7	1,599	35.5
Washington.....	655	21.8	640	21.6	587	19.8	488	16.4	555	18.6
West Virginia.....	593	33.0	563	31.1	577	31.6	518	28.5	489	27.3
Wisconsin.....	801	19.9	676	16.6	560	13.6	560	13.5	475	11.4
Wyoming.....	29	8.7	30	8.8	18	5.3	21	6.4	28	8.5
Puerto Rico ²	1,816	73.8	1,852	73.4	1,685	65.4	1,486	56.4	1,352	50.7

¹ Rate per 100,000 population.

² Not included in totals.

INCIDENCE OF TUBERCULOSIS IN ALASKA

Senator BARTLETT. What State has the greatest incidence?

Dr. SENCER. In terms of rates, Alaska, sir.

Senator BARTLETT. And yet you said there have been some good achievements there?

Dr. SENCER. Yes; we are pleased with this past year. We have assigned two physicians and a public health adviser to the State. They have been exploiting new developments on prevention of TB in village populations and it is bringing about a dramatic change in the situation.

Senator BARTLETT. Twenty-five years ago there were no TB beds at all in Alaska?

Dr. SENCER. No, sir. There were no TB beds in Alaska.

Senator BARTLETT. No hospitals, no health aid, and I think this is one of the greatest chapters in our history, that which has happened there.

Dr. SENCER. We are just now reaping the benefits of the research that was done in Alaska on methods of preventing TB. We are applying these methods to the whole State and we are beginning to see real progress.

SYPHILIS TREATMENT

Senator BARTLETT. I am glad to hear that. Does penicillin remain the chief drug in the treatment of the syphilis problem?

Dr. SENCER. Yes; penicillin is the drug of choice.

Senator BARTLETT. And what about vaccine emerging?

Dr. SENCER. Yes; we are working on experimental vaccines in syphilis. We are presently only working in experimental animals. We are beginning to show some progress.

Senator BARTLETT. You are hopeful?

Dr. SENCER. Hopeful. I think there are many things that can be done that will lower the incidence of syphilis more rapidly than a vaccine. I think a vaccine would be useful in our attempt to eradicate the disease.

Senator BARTLETT. You are pessimistic regarding gonorrhea?

Dr. SENCER. Yes, sir.

GONORRHEA DETECTION AND TREATMENT

Senator BARTLETT. Why is it, in your opinion, the gonorrhea rate goes up and syphilis goes down?

Dr. SENCER. The resources of the Federal, State, and local health departments have been directed toward syphilis. We have not had sufficient resources to do anything to control gonorrhea. In the past it has been difficult to diagnose gonorrhea in the female. Our lab has recently developed a new cultural media that will speed up and more accurately diagnose gonorrhea in the female. I think because we have not had good diagnostic methods we have not been able to push too hard.

Senator BARTLETT. What is the drug of choice in treatment of gonorrhea?

Dr. S5&358. It is still penicillin, sir, and we have not any real good evidence that the organism in this country is becoming resistant to penicillin. It is a different type of penicillin than that used in syphilis

and you have to give the drug over a series of days. In syphilis one shot will do it but in gonorrhea you have to continue the drug for several days.

REPORTING OF VENEREAL DISEASE

Senator BARTLETT. How accurate do you believe the reporting of venereal disease is?

Dr. SENCER. We do not believe it is terribly accurate from surveys we have done in conjunction with the American Medical Association; we estimate only one-quarter of the syphilis in this country is reported and there is no good estimate of the amount of gonorrhea, but I am sure if we get a quarter we are doing well. We put more emphasis on reporting syphilis, so we hope we get a better report there.

Senator BARTLETT. Is your problem that a lot of the people who contract the diseases don't go to a doctor?

Dr. SENCER. Well, I think that at some point in their period of infection, they do seek medical care. The problem is, we have still resistance by the private physicians in reporting venereal diseases to health departments so that epidemiologic follow-up can be carried out.

GERMAN MEASLES DETECTION

Senator BARTLETT. Turning to this other problem, you mentioned developments of a rapid, sensitive, and simple test?

Dr. SENCER. In laboratory terminology, it is a hemagglutination inhibition test. Let me put it in more simple terms. You take a known quantity of the virus that causes German measles and put it in a little test tube with red blood cells from a chicken and then some of the patient's serum and if you don't get clumping of the red cells you can say that the person whose blood you put in there has had German measles.

Senator BARTLETT. That makes it understandable.

"AEDES AEGYPTI" MOSQUITO ERADICATION

In this mosquito eradication problem, how are you so successful in going over the large areas and wiping out this pest?

Dr. SENCER. It is hard work, sir. This mosquito tends to live in close conjunction with human beings. It lives in tin cans and in old tires and flower pots, so this is a program in which individual households are inspected, their yards are inspected, they are treated with insecticides and there are programs of cleaning up the rubbish to remove the breeding place of the mosquitoes.

While we bragged about our success in my statement, 571 operational zones is only about a quarter of the area of this country where there are such infestations.

PUERTO RICAN PROGRAM

Senator BARTLETT. You mentioned Puerto Rico. Are many mosquitoes left there?

Dr. SENCER. The program in Puerto Rico is one of the most successful. While we have only achieved negativity in one of the municipalities, the program is, I would say, as close to being on schedule there as any place. The eradication of this mosquito does not remove the prob-

lem of mosquitoes from the country but it is only one breed that has selective living conditions.

ARCTIC HEALTH RESEARCH CENTER PROGRAM

Senator BARTLETT. I quite understand that. When you are finished with this more important assignment, may I invite you to Alaska, where mosquitoes are in numbers that need to be wiped out?

Dr. SENCER. Yes. Actually the Arctic Health Research Center has quite an active program that is looking into the habits of the mosquitoes so we can understand methods of controlling them.

LABORATORY PERFORMANCE PROGRAM

Senator BARTLETT. They have done wonderful work in many fields. The committee wishes you the best of success in your laboratory performance upgrading program. We believe this to be of extraordinary importance and it is a shame and disgrace that Americans are subjected to this large margin of error which you mentioned when they have every right to expect accurate tests.

MALARIA ERADICATION PROGRAM

Yesterday, it is my recollection, the Surgeon General mentioned malaria as a disease which is pretty well under control but we had a report yesterday from an individual at the Communicable Disease Center of the gravity of this program.

DISEASED VIETNAM SERVICEMEN

Dr. SENCER. I hate to contradict the boss. We are concerned because there is an increase of malaria coming back with returning servicemen from Vietnam. In the first 3 months there were almost 700 reported cases of malaria. We are however not too concerned about this establishing itself back in the United States. We have succeeded in eradicating the disease as a natural phenomenon in the United States.

In the past 2 years there are only two instances of malaria being transmitted from a person coming back from Vietnam to a person never out of the country. I think as long as we maintain good surveillance of the cases, know where they are and what their living conditions are, we do not need to be concerned about malaria being transmitted.

I think our concern is, much as in plague, physicians in this country have not seen malaria for many years and have not thought of it. We have been working with the AMA to try to continually remind the physicians of the country that any time a person comes in with chills and fever and has a history of being in Southeast Asia, he has malaria until proven otherwise.

CURABLE DISEASE

Senator BARTLETT. Can it be cured?

Dr. SENCER. Yes. Most strains of malaria are sensitive to the drugs we use. There are increasing numbers of cases coming out of Southeast Asia where there has been demonstrated resistance to the normal drugs being used. These cases will respond to high doses of quinine.

POSSIBLE DISEASE IMPORTATIONS FROM SOUTHEAST ASIA

Senator BARTLETT. Now, you mentioned malaria and the dangers of plague. Are there any new viruses or diseases that confront the Center by reason of the Vietnam situation?

Dr. SENCER. As yet not in this country. We are concerned about the occurrence of hemorrhagic fever and dengue in Southeast Asia. We know we have the vector of dengue in this country and in Hawaii and with Hawaii being used for rest and recreation for the troops, we are intensifying our mosquito control activities there to try to get rid of the vector of dengue.

There is a bacterial disease, malleoidiosis which has been an increasing problem in Vietnam, but so far there is no evidence this will become a problem in the United States.

There are some parasitic diseases again which can be brought back by the servicemen which are more of a danger to them than to actually being transmitted in the population. I would say plague is probably our greatest problem.

Senator BARTLETT. Are there many skin infections?

Dr. SENCER. Yes. Any time you are in that kind of environment you have an increase of fungus infections.

Senator BARTLETT. They are pretty hard to cure, are they not?

Dr. SENCER. We have much better drugs than in World War II for the fungus infections which are quite successful in clearing them up.

SUBCOMMITTEE RECESS

Senator BARTLETT. Thank you very much.

The subcommittee will be in recess, subject to call by the chairman.

(Whereupon, at 12 noon, Tuesday, April 11, 1967, the subcommittee was recessed, subject to call by the chairman.)

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION,
AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1968

THURSDAY, APRIL 13, 1967

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1223, New Senate Office Building, Hon. Lister Hill (chairman) presiding.
Present: Senators Hill and Cotton.

DEPARTMENT OF HEALTH, EDUCATION, AND
WELFARE

AIR POLLUTION

STATEMENT OF DR. JOHN T. MIDDLETON, DIRECTOR; ACCOMPANIED BY ROBERT PERMAN, EXECUTIVE OFFICER, NATIONAL CENTER FOR AIR POLLUTION CONTROL; DR. RICHARD A. PRINDLE, DIRECTOR; VERNON G. MacKENZIE, DEPUTY DIRECTOR; AND PETER J. BERSANO, FINANCIAL MANAGEMENT OFFICER, BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL; LEO J. GEHRIG, DEPUTY SURGEON GENERAL; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

AIR POLLUTION

To carry out the Clean Air Act and the functions of the Secretary of Health, Education, and Welfare under the provisions of section 48(h) (12) (C) (ii) of the Internal Revenue Code of 1954 (80 Stat. 1508, 1512), including purchase of not to exceed [three] eight passenger motor vehicles, and hire, maintenance, and operation of aircraft, [\$35,561,000] \$64,185,000.

	1967	1968
Appropriation.....	\$35,561,000	\$64,185,000
Proposed program supplemental.....	4,900,000	
Total.....	40,461,000	64,185,000

1336 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Grants.....		\$20,386,000		\$34,018,000		+13,632,000
Research.....		6,218,000		8,600,000		+2,382,000
Fellowships.....		468,000		468,000		
Training.....		2,000,000		2,691,000		+691,000
Control programs.....		9,700,000		20,259,000		+10,559,000
Survey and demonstration.....		2,000,000		2,000,000		
Direct operations.....	888	19,079,000	1,116	30,167,000	+228	+11,088,000
Research.....	500	12,636,000	545	18,300,000	+45	+5,664,000
Abatement activities.....	131	1,927,000	197	3,804,000	+66	+1,877,000
Motor vehicle pollution control.....	48	1,233,000	73	1,445,000	+25	+212,000
Technical services.....	158	2,598,000	220	5,208,000	+62	+2,610,000
Training.....	51	685,000	81	1,410,000	+30	+725,000
Total obligations.....	888	39,465,000	1,116	64,185,000	+228	+24,720,000
Unobligated balance, reserve.....		996,000				-996,000
Total obligations and balance.....	888	40,461,000	1,116	64,185,000	+228	+23,724,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	888	1,116	+228
Full-time equivalent of all other positions.....	37	47	+10
Average number of all employees.....	756	1,033	+277
Personnel compensation:			
Permanent positions.....	\$6,620,000	\$9,001,000	+\$2,381,000
Positions other than permanent.....	176,000	235,000	+59,000
Other personnel compensation.....	35,000	50,000	+15,000
Total personnel compensation.....	6,831,000	9,286,000	+2,455,000
Personnel benefits.....	713,000	953,000	+240,000
Travel and transportation of persons.....	845,000	1,310,000	+465,000
Transportation of things.....	288,000	545,000	+257,000
Rent, communications, and utilities.....	511,000	773,000	+262,000
Printing and reproduction.....	273,000	333,000	+60,000
Other services.....	842,000	992,000	+150,000
Project contracts.....	4,202,000	9,949,000	+5,747,000
Services of other agencies.....	1,820,000	2,000,000	+180,000
Payment to—			
Public Health Service management fund.....	433,000	582,000	+149,000
National Institutes of Health management fund.....	74,000	97,000	+23,000
Supplies and materials.....	642,000	773,000	+131,000
Equipment.....	1,539,000	2,323,000	+784,000
Lands and structures.....	66,000	251,000	+185,000
Grants, subsidies, and contributions.....	20,386,000	34,018,000	+13,632,000
Total obligations by object.....	39,465,000	64,185,000	+24,720,000

Summary of changes

1967 enacted appropriation.....	\$35,561,000
Proposed program supplemental.....	4,900,000
Unobligated balance, reserve.....	-996,000
1967 total estimated obligations.....	39,465,000
1968 estimated obligations.....	64,185,000
Total change.....	+24,720,000

	Base		Changes from base	
	Posi- tions	Amount	Posi- tions	Amount
INCREASES				
A. Built in:				
1. Annualization of 166 new positions authorized in 1967				\$594, 000
2. Annualization of 41 new positions requested in proposed supplemental				307, 000
B. Program:				
1. Research grants		\$6, 218, 000		2, 382, 000
2. Training grants		2, 000, 000		691, 000
3. Control program grants		9, 700, 000		10, 559, 000
4. Expansion of research	500	12, 636, 000	45	5, 312, 000
5. Expansion of abatement activities	131	1, 927, 000	66	1, 661, 000
6. Expansion of motor vehicle pollution control	48	1, 233, 000	25	66, 000
7. Expansion of technical services	158	2, 598, 000	62	2, 411, 000
8. Expansion of training	51	685, 000	30	698, 000
9. Increase in pro rata share of the Public Health Service management fund		433, 000		149, 000
Total program increases			228	23, 929, 000
DECREASES				
A. Nonrecurring requirements for equipment				—85, 000
B. 1 less day of pay (261 days in 1967; 260 days in 1968)				—25, 000
Total decreases				—110, 000
Total net change requested			+228	+24, 720, 000

EXPLANATION OF CHANGES

Research grants

An increase of \$2,382,000 is requested for 1968 to support 134 continuing grants and 86 new awards as compared to 104 continuing grants and 67 new awards in 1967. Emphasis will be given to projects relating to the more critical gap areas in air pollution knowledge. These include oxides of sulfur pollution, control technology development, and health and economic effects data for further coverage of air quality criteria for the important pollutants.

Training grants

An increase of \$691,000 is requested to fund a total of 13 additional grants to universities above the 1967 level of 33 grants. The increase will provide for additional development of graduate level teaching curricula and assistance to graduate students. Increased emphasis will be given to the manpower needs of State and local control agencies in the design of special curricula.

Control program grants

An increase of \$10,559,000 is requested to fund 111 additional grants for a total of 275 grants to assist State and local air pollution control agencies in initiating, improving, and maintaining their air pollution control programs. This will be the first full year of operation of the newly authorized grants for maintenance of on-going control programs. Emphasis will continue to be given to regional program development.

Expansion of research

A net increase of \$5,312,000 and 45 positions is requested. The program will emphasize three areas: (a) solution of major technical problems related to pollutant emissions from automotive vehicles; (b) development and demonstration of the technical and economic feasibility of promising approaches for controlling sulfurous pollution resulting from fossil fuel combustion; and (c) further development of air quality criteria to assist in the regulatory control of air pollution.

Expansion of abatement activities

A net increase of \$1,661,000 and 66 positions is requested for acceleration of all abatement activities. In 1968 it is estimated that nineteen abatement consulta-

tions and conferences will be held and related field investigations will be conducted toward a goal of complete coverage of all 72 urban interstate problem areas. This activity also provides for implementing the Executive Order, and ensuing regulations, relating to control of air pollution from Federal facilities. Consultative and liaison services to Federal agencies are provided.

Expansion of motor vehicle pollution control

A net increase of \$66,000 and 25 positions is requested for acceleration of and improvement in the testing of automotive vehicles, and for related phases of this regulatory activity. The testing is required to insure conformance with the Federal regulations published March 30, 1966.

Expansion of technical services

A net increase of \$2,411,000 and 62 positions is requested to provide additional technical support and guidance to States and communities as they establish their control programs; to develop technical manuals and guides for the management of air pollution control programs; to develop codes of good air pollution control practice; to support review and approval of expanded grant programs; and to expand the Technical Information Center.

Expansion of training

A net increase of \$698,000 and 30 positions is requested to provide for approximately two additional technical courses at Cincinnati and eight other field courses.

AUTHORIZING LEGISLATION

Public Law 88-206, as amended:

SEC. 103. (a) The Secretary shall establish a national research and development program for the prevention and control of air pollution and as part of such program shall—

(1) conduct, and promote the coordination and acceleration of, research, investigations, experiments, training, demonstrations, surveys, and studies relating to the causes, effects, extent, prevention, and control of air pollution;

(b) In carrying out the provisions of the preceding subsection the Secretary is authorized to—

(3) make grants to air pollution control agencies, to other public or nonprofit private agencies, institutions, and organizations, and to individuals, for purposes stated in subsection (a) (1) of this section;

SEC. 104. (a) The Secretary is authorized to make grants to air pollution control agencies in an amount up to two-thirds of the cost of developing, establishing, or improving, and grants to such agencies in an amount up to one-half of the cost of maintaining, programs for the prevention and control of air pollution: *Provided*, That the Secretary is authorized to make grants to intermunicipal or interstate air pollution control agencies * * * in an amount up to three-fifths of the cost of developing, establishing, or improving, and up to three-fourths of the cost of maintaining, regional air pollution control programs. * * *

SEC. 306. There are hereby authorized to be appropriated to carry out this Act, \$46,000,000 for the fiscal year ending June 30, 1967, \$66,000,000 for the fiscal year ending June 30, 1968, and \$74,000,000 for the fiscal year ending June 30, 1969.

INTRODUCTION

The air pollution program proposed for 1968, the first full year of activity under the Clean Air Amendments of 1966, represents an important segment of a co-ordinated, long-range plan to restore the vital air resource of this country to a desirable quality and to prevent future contamination. A supplemental budget request for 1967 is proposed for separate transmittal to implement the provisions of the 1966 amendments to the act. This overall plan falls broadly into two major areas of activity: (a) the solution of critical technical problems through research and (b) the application of air pollution prevention and control technology to obtain and maintain air quality necessary to protect human health and welfare. This will be done through promoting and assisting the development of a viable structure of State and local air pollution control enforcement machinery and by increasingly accelerated direct Federal enforcement programs. More detailed long-range goals are provided below as they relate to specific program elements proposed for 1968.

Grants

	1967 estimate		1968 estimate		Increase or decrease	
	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount
Research.....	-----	\$6, 218, 000	-----	\$8, 600, 000	-----	+\$2, 382, 000
Fellowships.....	-----	468, 000	-----	468, 000	-----	-----
Training.....	-----	2, 000, 000	-----	2, 691, 000	-----	+691, 000
Control programs.....	-----	9, 700, 000	-----	20, 259, 000	-----	+10, 559, 000
Survey and demonstration.....	-----	2, 000, 000	-----	2, 000, 000	-----	-----
Total, grants.....	-----	20, 386, 000	-----	34, 018, 000	-----	+13, 632, 000

Research grants

	1967 estimate		1968 estimate		Increase or decrease	
	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount
1. Noncompeting continuations.....	104	\$3, 474, 000	134	\$5, 116, 000	+30	+\$1, 642, 000
2. New grants.....	67	2, 544, 000	86	3, 284, 000	+19	+740, 000
3. Supplementals.....	(13)	200, 000	(13)	200, 000	-----	-----
Total.....	171	6, 218, 000	220	8, 600, 000	+49	+2, 382, 000

The research grant program is an important tool which makes use of the scientific expertise and imagination of investigators in universities, and other non-profit research institutions, for the attainment of air pollution research goals. Awareness of the challenging technical problems requiring resolution and the increased national interest in abating air pollution problems are resulting in a continued increase in the rate of applications for research grant support. The research proposals submitted by investigators are reviewed by advisory panels of non-Federal experts and grant awards are made on the basis of their recommendations.

Emphasis in 1968 will be placed on areas of special research needs associated with the resolution of critical technical air pollution problems. These areas include the several aspects of air pollution from the oxides of sulfur and clinical and epidemiological data needed for air quality criteria. In addition, research grants will include nearly all other aspects of air pollution problems ranging from the analysis of pollutants, pollutant behavior in the atmosphere, sources of pollutants, their biological effects, economic impact of pollution, and improvement in means for control.

Several examples of research grant projects which are now in process are the following: Dr. Clair Patterson of the California Institute of Technology is carrying out the project "Measurement of Common Lead in the Earth's Hydrosphere." Expeditions were made to Greenland in 1963 and to the Antarctic in 1966 to collect samples of ice. The ages of the ice varied from 4000 B.C. to the present. Analyses of the ice samples are being conducted for the following elements: lead, chlorine, sulfur, sodium, potassium, silicon, vanadium, calcium, magnesium, and aluminum. It is expected that this study will give quantitative data on the global increase in lead pollution as a result of the use of leaded gasoline and industrial activity.

Dr. Harold J. Gluskoter, University of Illinois, Urbana, Illinois, in his study, "Mineral Matter in Coal," is investigating the mineral matter in coal, principally the sulfide and clay minerals. This study is especially applicable to air pollution since these mineral groups comprise the major contributors to both sulfur dioxide and fine-grained, respirable, particulate matter emitted into the atmosphere during the burning of coal. A knowledge of the origin, distribution, and character of pyrite in coal is invaluable in making informed decisions concerning choice of coals for individual installations and possible sulfur removal from coal.

Dr. Robert E. Snell, Children's Convalescent Hospital, Washington, D.C., in his study, "Atmospheric Pollution and Respiratory Disease," is obtaining quantitative information on the hazards of atmospheric contaminants on the health of asthmatic children, using a completely controlled atmospheric chamber called a "Climatron." It is expected that this study will contribute to an understanding of the pathophysiology of asthma and define the relationships between atmospheric pollutants and that disease.

The \$8,600,000 requested for 1968 is to fund 86 new grants to institutions and individuals, and to support 134 noncompeting continuations. There will be continued emphasis in 1968, through the review and approval process, on concentrating new research projects in the high priority research areas associated with the need to resolve technical problems which hinder practical control of air pollution.

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Fellowships.....	71	\$468,000	71	\$468,000	-----	-----

The shortage of technically trained air pollution personnel is especially serious in view of increased activity in research, teaching, and control activity by public agencies and by industry. The fellowship program, in providing financial assistance to individuals for full-time, graduate-level training, is one of the important program components aimed at alleviating this shortage and permitting the general acceleration of air pollution activity to move ahead as rapidly as possible.

This support has developed highly trained individuals who are now serving in important air pollution capacities. Two of these are Dr. Sigmund Jaffe, Professor of Chemistry, California State College at Los Angeles, and Dr. Valentine Vitols, Assistant Professor, Department of Industrial Health, University of Michigan.

The 1968 request of \$468,000, the same level of support as is provided in 1967, will provide graduate-level training to 71 individuals to prepare them for careers in areas of air pollution research, teaching, and control.

Training grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Continuations.....	20	\$1,409,000	33	\$2,100,000	+13	+\$691,000
New projects.....	13	591,000	13	591,000	-----	-----
Total.....	33	2,000,000	46	2,691,000	+13	+\$691,000

There is continued evidence of obstacles to development of air pollution activity by public agencies, industry, and universities because of the manpower factor. The shortage problem is being attacked through several approaches, including the fellowship activity, the provision of short-term training directly by the Public Health Service, and the training grants activity. This activity is aimed at assisting in the development of a university-based training structure to help provide the additional trained manpower needed for expanding research activity, for State and local regulatory control programs, and for industrial control programs. Training grant awards are made to universities to assist primarily in the development of graduate-level teaching curricula and to provide assistance to graduate students. The curricula development activity includes support for faculty and specialized teaching aids.

A special innovation in the program designed to meet currently emerging manpower problems was the development of a curriculum for air pollution control administrators at the University of Southern California in 1966 and, in 1967,

a curriculum for administrators and technicians under the guidance of Dr. Seymour Calvert of the Air Environment Center, Pennsylvania State University. Under this latter grant-supported activity, air pollution administrators attend a ten-week course covering the engineering, physical science, biomedical, economic, and political aspects of air pollution. The technicians attend an intensive seven-week program in instrumentation, theory, operation, and repair.

The \$2,691,000 requested for 1968 will fund 33 continuations and 13 new grants to universities. Approximately 266 students are expected to be trained under this program in 1968. This compares with 197 persons trained in 1967 and 147 in 1966.

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Control program grants.....	164	\$9,700,000	275	\$20,259,000	+111	+\$10,559,000

In recognition of the absence of and serious deficiencies in State and local regulatory control machinery and programs, and in view of the financial problems encountered in attempting to establish or improve such programs, the Congress provided, in the Clean Air Act of 1963, authorization for Federal matching grants-in-aid on a project basis to States and communities for the initiation, development, or improvement of regulatory control programs.

This grant program is a principal means, through stimulatory financial assistance, toward meeting an ultimate goal of a sound structure of effective State and local enforcement machinery which would protect the more than 100 million people living in areas with air pollution problems. Under this program, applications for grant assistance are considered on the merits of the specific project proposed. Such projects may encompass a wide variety of program activities, provided they are for the purpose of protecting and improving the quality of the air resource of the community, State, or region. Applicants must submit a "workable program" which will describe the type of program to be conducted and indicate the possession of, or the schedule for obtaining: (a) survey data as evidence of scope of program need; (b) adequate legal authority for control of air pollution; and (c) suitable personnel, equipment, facilities, and other necessary resources. For purposes of stimulating new or improved projects, Federal grant funds can be used to match only the amounts of non-Federal funds furnished in excess of the amount spent by the applicant in the year prior to inauguration of the grant-supported project. Grants to State and local air pollution control agencies are made in amounts up to two-thirds of the cost of developing, establishing, or improving the project or, in the case of regional air pollution programs, up to three-fourths of the cost of the project.

The Clean Air Act Amendments of 1966 authorize grants to State and local agencies for up to one-half of the cost of maintaining programs for the prevention and control of air pollution, and up to three-fifths of the cost for regional programs. A supplemental budget request for 1967 is proposed for separate transmittal to provide \$2,700,000 for this new grant authority. These maintenance grants will provide continuing Federal participation in restoring and maintaining desirable air quality throughout the Nation. The review of the project applications for maintenance grants, as in the case of the stimulatory grants, takes into consideration the feasibility of the project in the light of resources to be made available and the nature of the air pollution problem, the necessity for the project, the estimated cost of the project, the probable accomplishments of the project, and its relationship to other elements of the "workable program" of the applicant agency.

There has been widespread interest on the part of the States and communities in this grant program since its authorization in the Clean Air Act of 1963 and the results to date are very encouraging. Despite the inability to fund all eligible applicants, the initial progress which has been made warrants optimism for the potential of financial assistance programs. For example, budgets for State and local air pollution control programs nationally have increased by over 60 percent between October 1964 and June 1966.

1342 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

The 1968 request of \$20,259,000, an increase of 111 grants and \$10,559,000 over 1967, will fund an estimated 275 new and continuation grants. Continued emphasis will be given to requests for assistance from regional control agencies.

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Survey and demonstration grants.....	27	\$2,000,000	24	\$2,000,000	-3	-----

Survey and demonstration grants are an important complement to control program grants in meeting the goal of more effective State and local enforcement machinery. They serve the purpose of assessment and definition of the air pollution problems of States and communities, as a preliminary to additional action to be taken, and they test out new techniques for control. Initial surveys for problem assessment are intended to provide a sound technical basis upon which realistic long-range regulatory control programs can be formulated and implemented with a higher potential for success.

The survey grant program represents a promising device for stimulating initial activity by agencies on a multijurisdictional or regional basis, or by planning or economic development agencies, in cases where control program grant requirements do not apply. For example, in 1966, survey grants were awarded to the Metropolitan Washington Council of Governments; the Metropolitan Planning Commission of Knoxville and Knox County, Tennessee; the Capitol Region Planning Agency, Hartford, Connecticut; the Regional Conference of Elected Officials, Philadelphia, Pennsylvania; and the City-County Office of Economic Development, Onondaga County, New York. The 1968 survey grant program will continue the stimulation of air pollution activity on the broadest front possible, with regional programs being especially important. In 1966 and 1967 emphasis in the demonstration grant program has been on the problem of burning coal mine waste piles in the Appalachian area. Ten such demonstration projects have been awarded. In 1968, depending on the progress of the projects now underway, additional applications for work in this area may be anticipated. However, it is expected that demonstration project activity in 1968 will emphasize new control techniques which are of broader significance nationally.

The \$2,000,000 requested in 1968 will fund an estimated 24 new and continuation grants.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	888	\$7,544,000	1,116	\$10,239,000	+228	+\$2,695,000
Other expenses.....	-----	11,535,000	-----	19,928,000	-----	+8,393,000
Total.....	888	19,079,000	1,116	30,167,000	+228	+11,088,000

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Research.....	500	\$12, 636, 000	545	\$18, 300, 000	+45	+\$5, 664, 000
Analysis, identification, measurement, and control of air pollution.....	257	8, 381, 000	288	13, 181, 000	+31	+4, 800, 000
Determination of the effects of air pollution:						
Medical and biological studies.....	141	2, 656, 000	148	3, 096, 000	+7	+440, 000
Community and other field studies.....	102	1, 599, 000	109	2, 023, 000	+7	+424, 000
Abatement activities.....	131	1, 927, 000	197	3, 804, 000	+66	+1, 877, 000
Motor vehicle pollution control.....	48	1, 233, 000	73	1, 445, 000	+25	+212, 000
Technical services.....	158	2, 598, 000	220	5, 208, 000	+62	+2, 610, 000
Training.....	51	685, 000	81	1, 410, 000	+30	+725, 000
Total.....	888	19, 079, 000	1, 116	30, 167, 000	+228	+11, 088, 000

RESEARCH

The overall air pollution research program includes the program of grant-supported projects in universities noted previously and directed research carried out by Public Health Service staff and by contract. The directed research includes activities in the physical and engineering sciences, and in the clinical, biological, and epidemiological areas. The 1968 program will emphasize: (1) solution of major technical problems related to pollutant emissions from automotive vehicles; (2) development and demonstration of the technical and economic feasibility of various approaches for controlling sulfurous air pollution resulting from fossil fuel combustion; and (3) development of air quality criteria to assist in the regulatory control of air pollutant emissions.

	1967 estimate	1968 estimate	Increase or decrease
(1) Analysis, identification, measurement, and control of air pollution.....	\$8, 381, 000	\$13, 181, 000	+\$4, 800, 000

This activity includes the engineering, chemical, meteorological, and related physical science aspects of air pollution research. In addition to work conducted directly by the Public Health Service, the program will continue to use, through contracts, the best available technical resources of universities, Federal agencies, and other organizations.

The major portions of the increase in this activity are for the following study areas:

(a) *Automotive emissions research:*

The contribution of automotive emissions to air pollution remains a serious and increasing phenomenon. The number of motor vehicles is increasing at the rate of about 5 percent a year. Concurrently, the quantity of emissions contributed by vehicle exhausts, crankcases, carburetors, and fuel tanks grows with the expanding number and use of vehicles. The implementation of the Federal motor vehicle emission regulatory program for 1968 model vehicles will be an important step toward reversing the deterioration of the atmosphere resulting from pollution by vehicle emissions. However, the initial steps now being taken to reduce vehicle emissions will not provide a permanent solution to the problem. There is need to broaden the regulatory coverage to additional classes of vehicles (trucks and buses) and to develop more stringent emission requirements for passenger cars. Further, the long-term increase expected in the number of vehicles will far outweigh the partial reductions in emissions which can be expected from

application of present technology. Thus, the automotive emissions research program is designed to provide the necessary support to the motor vehicle pollution regulatory control activity through seeking extension and improvement of present standards and control techniques and through a simultaneous effort to stimulate the development of a more fundamental corrective through alternatives to the current internal combustion engine.

Highest priority activity in this area for 1968 is concerned with the development of improved procedures and standards, standards with broader application, and improved systems for testing emissions.

Present regulations relate only to the exhaust hydrocarbon and carbon monoxide emissions from passenger cars and light commercial vehicles, and the crankcase blowby emissions from all gasoline-powered vehicles. Although these comprise the largest sources of emissions of hydrocarbons and carbon monoxide to the atmosphere from motor vehicles, emissions from gasoline-powered vehicles of larger gross-weight ratings and from diesels, as well as the emissions of oxides of nitrogen, must also be reduced. In view of the foreseeable need for more restrictive regulations, the research program will give special attention to the development of chassis dynamometer test cycles which will simulate road operation of passenger cars, trucks, and buses; to fuel evaporative losses; and to analytical techniques. Research will be carried out on setting standards for the oxides of nitrogen, not now regulated. Studies will be continued to better define the diesel emissions problem and to develop objective methods of measurement which will permit the promulgation of effective diesel emission regulations. Special attention will also be given to the factor of lead as a contaminant, as well as carbon monoxide.

In 1968, there will be increased activity in projects directed at stimulation of promising alternatives to the internal combustion engine, i.e., "pollution free" methods for the propulsion of vehicles. In 1967, a contract study is being undertaken to determine the most fruitful avenue of approach to this problem. There are several approaches, with varying degrees of promise including the development and construction of prototypes of turbine engines, stratified charge engines, battery- and fuel cell-operated vehicles, and others. The program will concentrate on stimulating development of those promising the highest likelihood of success for a fundamental solution ready to be put to use within about fifteen years.

(b) Control of sulfurous air pollution:

The problem of sulfur oxide emissions from the combustion of fossil fuels is national in scope and is increasing. The Clean Air Act and its amendments gave special attention to this problem in directing work toward its resolution. Accordingly, the program is geared toward the goal of (a) establishing the technical and economic feasibility of various approaches for controlling sulfurous emissions resulting from combustion of fossil fuels and (b) effecting policies aimed at reducing sulfurous pollution generally and designed specifically to prevent further increase in sulfur oxide concentrations in the atmospheres of critical urban areas. The urgency of this research program was specifically noted by the President in signing Executive Order 11282, "Control of Air Pollution Originating from Federal Installations," May 26, 1966. Accordingly, a target date of 1970-1972 has been established to meet the above goal. The program has been developed in close cooperation with the Bureau of Mines, Department of the Interior, which is performing some of the work under contract.

A major effort is being initiated in 1967 through a systems program for the preliminary work, design, and planning for several large-scale pilot plants to test promising laboratory techniques in a field setting. The planning and design work is being carried out by contract for subsequent construction in cooperation with the Tennessee Valley Authority at their power-generating facilities.

This initial developmental activity will be continued in 1968 toward moving the more promising processes for removal of oxides of sulfur from flue gases to the pilot plant stage. In 1968, it is planned to place contracts for construction of two of the potential control techniques. Approximately \$2,500,000 of the increase requested for this activity will be used for this purpose.

Simultaneously with the studies concerned with cleaning flue gases, accelerated attention will be given to reducing the amounts of sulfur in fuel oil and coal which give rise to sulfurous emissions upon combustion. In addition to flue gas cleaning and desulfurization research, special attention will be given to other alternatives, such as the use of taller stacks, siting of fuel-burning sources outside of urban areas, allocation of fuel systems to minimize sulfurous pollution, allocation of power load, and other approaches.

In addition to the research programs on automotive emissions and sulfurous pollution, work will be continued on the fundamental chemistry of air pollutants, meteorological factors governing the transport and diffusion of air pollutants, the development of control devices, and national air sampling activities.

An increase of 31 positions and \$4,800,000 is requested to provide approximately \$620,000 for automotive emissions research; \$220,000 for other engineering and physical sciences research and development; and \$3,960,000 for sulfur oxides research, of which \$2,500,000 is for construction of two pilot plants.

	1967 estimate	1968 estimate	Increase or decrease
(2) Determination of the effects of air pollution: (a) Medical and biological studies.....	\$2,656,000	\$3,096,000	+\$440,000

This research program, along with the community and other field studies activity below, is closely geared to the goal of producing air quality criteria for all major air pollutants known to be harmful to man, animals, plants, and materials. The program includes studies of the health effects of air pollution through laboratory and clinical studies on animals and humans, and studies concerned with the effects of air pollution on agricultural products. In 1968, emphasis will continue to be placed on the development of air quality criteria and on clinical research to determine the physiological and behavioral response to low concentrations of pollutants. Investigations of the health effects of human exposure to oxides of sulfur, as recommended in the Clean Air Act, also will receive increased emphasis. These will include research on acute and chronic effects of the inhalation of oxides of sulfur, singly and in combination with various particulates, and studies of the toxicologic effects of various combinations of airborne contaminants. Clinical studies of the effects of low concentrations of air pollution, in both ambient and filtered atmospheres, on humans and on animals, are planned for continuation. Such pollutants as oxides of nitrogen and carbon monoxide, in addition to oxides of sulfur, will be intensively investigated, simulating as accurately as possible the complex of pollutants to which man is generally subjected. Work on oxides of nitrogen and carbon monoxide is also closely coordinated with the engineering research on these aspects of automotive emissions, with the aim of tightening Federal automotive emission standards. The work on sulfur oxides effects on humans and other biological systems is in support of the need for refinement of SO₂ criteria, to be published in 1967, and also the need for emission standards.

In addition to the use of health effects data for regulatory standards and criteria, studies will also be evaluated in a continuing attempt to elucidate effects from the disease category viewpoint. Evidence accumulated to date indicates an association of air pollutants with lung cancer, emphysema, and other pulmonary and respiratory afflictions. These associations will be further examined. Studies from the disease category viewpoint are conducted after discussions and collaboration with the appropriate research institutes at the National Institutes of Health.

Research on the effects of air pollution on agriculture, conducted in cooperation with the Department of Agriculture, will continue to emphasize the mechanisms of damage to plants and the use of plants as indicators of air pollution. The widespread evidence of substantial damage to trees by air pollution will be explored in greater detail through studies conducted in cooperation with the Forest Service.

An increase of 7 positions and \$440,000 is requested for 1968 to provide continued emphasis on the development of air quality criteria and on clinical research concerning health effects of exposure to various pollutants.

	1967 estimate	1968 estimate	Increase or decrease
(b) Community and other field studies.....	\$1,599,000	\$2,023,000	+\$424,000

This activity is principally concerned with epidemiological and statistical studies conducted in the field, aimed at clarifying the effects of air pollution on man and designed to provide data for air quality criteria. Studies designed to elucidate the health effects of oxides of sulfur will receive special emphasis. The program also includes studies concerned with the effects of pollution on materials.

Existing studies which are scheduled for continuation in 1968 include the Alabama study of air pollution-emphysema relationships, the relationship of air pollution and upper respiratory infection, air pollution asthma in New Orleans, and relationships between air pollution and industrial absenteeism. A project concerned with atmospheric lead and carbon monoxide in Cincinnati is coordinated with the major problem of tightening automotive emission standards. A study of trace elements in the atmospheres, and their effects, is closely related to increasing concern about the health hazards associated with cadmium, zinc, beryllium, lead, and others. The epidemiology study of the "Tokyo-Yokohama Asthma" continues to offer a unique opportunity to study the etiology of chronic respiratory disease inasmuch as the conditions in Japan develop in the course of a few months in contrast to several years in the United States and England.

Work will continue in 1968 on the retrospective survey of the effect of air pollution on human health through statistical analysis of Social Security disability records, Veterans Administration records, and insurance records.

There will also be intensified examination of mortality data from our largest cities to determine if excess mortality, previously unrecognized, is associated with peak periods of air pollution. As urban areas develop their knowledge of pollution levels, opportunity to determine correlations with disease patterns is offered. Chicago is one area where such studies will be expanded.

In addition to the health effects studies a small portion of this activity is concerned with the nonbiological effects of air pollution. The role of air pollutants in the deterioration of materials of many types is an important one, one which has great economic significance and is not adequately understood or documented. A study of materials deterioration, under carefully controlled conditions, has been initiated and will be continued in 1968.

An increase of 7 positions and \$424,000 is requested in 1968 principally to provide for epidemiological and statistical studies concerning effects of air pollution on man.

	1967 estimate	1968 estimate	Increase or decrease
Abatement activities.....	\$1,927,000	\$3,804,000	+\$1,877,000

The Department of Health, Education, and Welfare is committed to a vigorous Federal abatement program as a complement to its goal of developing effective State and local enforcement machinery. Under the Clean Air Act as amended, Federal abatement authority and programs relate to interstate pollution; to pollution within a State if requested by State officials; to international pollution where reciprocal legislation is enacted by the foreign country involved; to potential pollution which threatens health and welfare; and to prevention of air pollution from Federal facilities.

To date, nine interstate pollution abatement actions have been initiated. These include the New York City Metropolitan Area; Ticonderoga, New York, on the New York-Vermont border; Selbyville, Delaware, on the Maryland-Delaware border; three interstate areas in the Ohio River Valley; Kansas City, Missouri; Lewiston-Clarkston on the Washington-Idaho border; and the Washington, D.C. area.

Approximately 72 urban interstate areas have been under surveillance to provide the technical basis for a vigorous program of needed abatement actions initiated by the Department. The 1968 estimate is principally to cover the costs of implementing a national abatement program as quickly as possible, consistent with sound technical and judicious action.

Crucial to the success of abatement procedures is the gathering of pertinent technical information on the scope and effect of pollution in specific problem area. Accordingly, in addition to the initial field surveillance activities, specific

follow-up field work will be required for each action. This is an extensive undertaking involving teams of engineers, meteorologists, and other scientists to secure these necessary data.

In addition to the general interstate abatement program for existing pollution, conferences to prevent potential air pollution may be called by the Secretary of Health, Education, and Welfare, if in his judgment, an air pollution problem of substantial significance may result from discharges into the atmosphere. The findings and recommendations resulting from such a conference, which would be held in or near places where such discharges are occurring or may occur, are advisory only. This preventive abatement provision will be used, beginning in 1967 and increasingly in 1968, primarily with respect to large proposed industrial and power-generating facilities.

This activity also includes the program for preventing air pollution from Federal facilities. An Executive Order and implementing regulations have been issued toward this end. Consultative and liaison services to Federal agencies are being provided.

The 1968 budget estimate of \$3,804,000 will support an estimated seven abatement conferences, five abatement hearings resulting from conferences undertaken in prior years, two conferences which will take place as a result of the requirements of the international authority, five preventive air pollution conferences, and the associated field investigations necessary to this activity. This estimate will also permit the continued development of an air pollution source inventory, with respect to Federal facilities, and the provision of technical guidance and consultation to Federal agencies operating facilities.

An increase of 66 positions and \$1,877,000 is requested in 1968 to provide for a growing number of Federal abatement actions, related field investigations, and consultation to Federal agencies.

	1967 estimate	1968 estimate	Increase or decrease
Motor vehicle pollution control.....	\$1,233,000	\$1,445,000	+\$212,000

In view of the evidence that motor vehicles are a major source of air pollution in practically all sections of the country, a major effort is underway aimed at achieving a 25% reduction in pollutant emissions from automotive vehicles by 1975, a 40% reduction by 1985, and the introduction, through an intensive research effort, of a "pollution free" automotive propulsion system as soon as possible thereafter.

The establishment of controls on new vehicles is being carried out by a vigorous implementation of the Motor Vehicle Air Pollution Control Act, which became part of the Clean Air Act Amendments in 1965.

Regulations have been published which establish the limits for emissions from the exhaust and crankcase of motor vehicles, and set up exhaust emission test procedures. Procedures have been developed whereby the manufacturers of motor vehicles can apply for certification that their products comply with Federal standards and therefore will be eligible for sale in the United States. A Federal motor vehicle compliance laboratory has been established in the Detroit area. This facility not only provides for confirmation and surveillance testing but will also be capable of developing or evaluating new instrumentation and test techniques. The research program of the Public Health Service, in a coordinated effort with the regulatory program, is being oriented toward the development of improved test procedures and possible revisions in the standards for future application.

The regulations, published on March 30, 1966, in the Federal Register, require for 1968 and subsequent automobile models the complete control of crankcase emissions from all gasoline-powered vehicles and reduced emissions of exhaust hydrocarbons and carbon monoxide from passenger cars and light commercial vehicles. Federal precertification testing of vehicles has begun for the 1968 model automobiles. Regulations governing the importation of foreign vehicles are being developed jointly with the Department of the Treasury. Emission standards and requirements for certification and confirmatory testing for foreign vehicles are the same as for domestic vehicles.

The program for 1968 will be the first full year of testing operations in a Federal laboratory. The program will provide for improvements in the precertifica-

tion activity based on 1967 experience; continually strengthened compliance and surveillance testing of vehicles off the production lines; evaluation and development of emission control requirements, in coordination with the research program; improvement of test procedures and methods development; and liaison activities with States and localities on coordinating inspection programs necessary to maintain effectiveness of controls.

An increase of 25 positions and \$212,000 is requested for 1968 to provide for developing emission control requirements, improving test procedures, and conducting liaison activities with States and localities.

Technical services	1967 estimate	1968 estimate	Increase or decrease
Technical assistance-----	\$1,692,000	\$3,586,000	+\$1,894,000
Review and approval:			
Research and training grants and fellowships-----	384,000	416,000	+32,000
Survey, demonstration, and control program grants-----	222,000	306,000	+84,000
Technical Information Center-----	300,000	900,000	+600,000
Total-----	2,598,000	5,208,000	+2,610,000

Technical assistance

In accordance with provisions of the Clean Air Act, the overall 1968 air pollution program is placing increasing emphasis on the application of knowledge, that is, translating research findings as quickly as possible into control activity which will abate or prevent pollution. The technical assistance activity is a significant element in this effort.

Technical staff provide, upon request and within resources available, short-term assistance and consultation to States, communities, and industries on air pollution problems. The demand for such services continues to exceed the capacity to meet it, and will further accelerate as a result of the stimulatory efforts of the Clean Air Act. The need for expanded and improved technical support and guidance to help the States and communities as they establish their control programs remains urgent. As a means of dealing with the need for assistance in a more effective way, in addition to individual consultation to specific areas, emphasis will continue to be placed on development of technical manuals and guides, such as improved methodologies for the technical management of air pollution programs.

An area of great need, to which a major portion of the requested increase will be allocated, is the development of codes of good air pollution control practice for the more common industrial processes. Initiated in 1967, a comprehensive program of developing such guides will be continued in 1968. The contract mechanism will be used where feasible in an effort to reduce the time needed to prepare these guides. These guides will be valuable tools for use by State and local regulatory agencies in their enforcement programs, and should also prove useful to those industries which develop their own internal industrial air pollution control programs. The development of these guides involves a major effort which initially involves bringing present knowledge together on a current basis, and subsequently will require incorporating changes and innovations in industrial technology, with a minimum of lag time.

The increase will also provide for additional air pollution staff engineers to provide the increased volume of technical consultation. This consultative staff will be based in Cincinnati and in the nine regional offices to maximize the provision of assistance. Special assignments to State and local control programs will also be made where such assignments have the potential of broader benefits accruing for programs through the country generally.

An increase of 46 positions and \$1,894,000 is requested for 1968 to provide for the development of codes of good practice for the more common industrial processes and to provide increased technical consultation to States, communities, and industries.

Review and approval of research and training grants and fellowships

This activity includes processing applications, preparation of applications for review by non-Federal study section and advisory committees, executive secretariat services to such advisory groups, and site visits to grantees and applicants as required by grant management procedures or by advisory committee

recommendations. The increase of 2 positions and \$32,000 will provide the necessary resources for adequate review and approval of new grants and fellowships.

Review and approval of survey, demonstration, and control program grants

Applications are reviewed by Public Health Service staff who are responsible for determining approvals or disapprovals, under policy guidance by an advisory committee. The control program grant activity will be significantly increased in 1968, with a newly authorized control grant through revision of Section 104 in the 1966 Amendments to the Act. The increase of 6 positions and \$84,000 will support the expanded workload and insure program followup of grantee activity and performance.

Air Pollution Technical Information Center

In 1964 the Director, Office of Science and Technology, designated the Department of Health, Education, and Welfare as the agency responsible for providing on a national basis technical information on air pollution. The Clean Air Act also specifically authorizes the collection and dissemination of information. A technical information center was started to accomplish this activity. Becoming operational in 1967, this center will serve as a clearinghouse for all air pollution information and coordinate the collection and dissemination of a wide variety of technical information. Services include indexing, abstracting, translating, and evaluating information and preparing bibliographies and reports.

Initial professional and clerical staff to plan the center have been recruited and contractual services have been secured to provide assistance in the development of suitable techniques for collecting, indexing, coding, storing, and retrieving information, and to provide expansion of translating services. Reproduction, distribution services, translation, and related activities will require increased support. The proposed operational staff will include scientists, documentation specialists, and supporting clerical and library-type personnel. The Air Pollution Technical Information Center will function in close cooperation with related information centers, as appropriate, such as the Medical Literature Analysis and Retrieval System (MEDLARS) of the National Library of Medicine.

The increase of 8 positions and \$600,000 will permit strengthening of the center in 1968. The contract mechanism will be utilized to provide additional abstracting, translating, and publishing services.

	1967 estimate	1968 estimate	Increase or decrease
Training.....	\$685,000	\$1,410,000	+\$725,000

The Public Health Service conducts a training activity consisting of short-term, intensive technical courses for State, local, and industrial personnel concerned with air pollution control activities. This activity, as in the case of the graduate training offered through the training grants and fellowship programs, is aimed at helping to meet the shortage of trained air pollution technical personnel. The courses are offered in Cincinnati, Ohio, and at other field locations. They include training in techniques for sampling and identification of pollutants, survey techniques, control devices, meteorology, the medical aspects of pollutants, and other aspects of air pollution. Improved training techniques, such as programmed instruction and the use of training films, will be utilized as far as possible as a means of deriving maximum benefit from the training program.

The increase requested in 1968 will permit alleviation of the serious shortage of trained personnel for State and local control programs. In 1968 this activity will be stepped up to provide increased faculty, greater use of visual aids and programmed teaching, and sharply increased field training to permit greater availability to students.

There is currently a lack of capacity in this program to meet all the demands for training being requested by States, localities, industry, and others. It is important that this backlog be eliminated and that all appropriate requests for training be met. The 1968 request is aimed at eliminating the backlog and permitting accommodation of anticipated increased training demands. A new aspect in training will be initiated in 1968. The program is planning to prepare a "training kit" for use of State and local air pollution programs to train on-the-job personnel; it is estimated 250 individuals will be trained by this mechanism. In addition,

this request will permit the presentation of an estimated 32 technical courses at Cincinnati and approximately 33 other field courses. It is estimated 2100 individuals will be trained through these direct presentations in 1968. This compares with 1600 in 1967 and 1300 in 1966.

The increase of 30 positions and \$725,000 includes approximately \$250,000 for preparation and distribution of training kits for use of State and local air pollution programs.

New positions requested, fiscal year 1968

	Grade	Annual salary
Direct operations:		
Economist.....	GS-15	\$17,550
Engineer (6).....	GS-15	105,300
Medical officer.....	GS-15	17,550
Scientist (3).....	GS-15	52,650
Statistician.....	GS-15	17,550
Engineer (6).....	GS-14	90,636
Medical officer.....	GS-14	15,106
Public health program specialist (8).....	GS-14	120,848
Scientist (5).....	GS-14	75,530
Statistician (3).....	GS-14	45,318
Engineer (7).....	GS-13	90,111
Scientist (6).....	GS-13	78,134
Public health program specialist (3).....	GS-13	38,619
Statistician (2).....	GS-13	25,746
Engineer (7).....	GS-12	76,489
Scientist (6).....	GS-12	65,562
Public health program specialist (3).....	GS-12	32,781
Medical staff assistant (2).....	GS-12	21,854
Scientist (6).....	GS-11	57,216
Engineer (5).....	GS-11	47,680
Public health program specialist (7).....	GS-11	64,547
Administrative staff assistant (3).....	GS-11	27,663
Engineer (6).....	GS-9	50,874
Engineering technician.....	GS-9	7,696
Scientist (6).....	GS-9	50,874
Public health program specialist (5).....	GS-9	38,480
Mathematical statistician.....	GS-9	8,479
Research technician (3).....	GS-9	23,088
Engineer (7).....	GS-7	54,103
Physical science technician.....	GS-7	6,451
Scientist (6).....	GS-7	46,374
Laboratory technician (2).....	GS-7	12,902
Public health program specialist (3).....	GS-7	19,353
Do.....	GS-6	17,601
Clerical assistant (6).....	GS-6	35,202
Secretary-stenographer (4).....	GS-6	23,468
Engineer (3).....	GS-5	19,161
Engineering technician (2).....	GS-5	10,662
Scientist (2).....	GS-5	12,774
Statistician (2).....	GS-5	10,662
Statistical clerk.....	GS-5	5,331
Laboratory technician (5).....	GS-5	26,655
Physical science aid (2).....	GS-5	10,662
Secretary-stenographer (10).....	GS-5	53,310
Research technician (6).....	GS-4	28,656
Laboratory technician (5).....	GS-4	23,880
Physical science aid.....	GS-4	4,776
Administrative staff assistant (2).....	GS-4	9,552
Clerical assistant (14).....	GS-3	59,766
Physical science aid (2).....	GS-3	8,538
Commissioned officers:		
Director grade (4).....		58,953
Senior grade (9).....		106,547
Full grade (4).....		32,792
Senior assistant grade (8).....		62,266
Total new positions (\$28).....		2,124,328

NATIONAL CENTER FOR AIR POLLUTION CONTROL

Senator HILL. The subcommittee will kindly come to order. Dr. Middleton, we are glad to have you here with us this morning, and will you proceed in your own way, sir.

Dr. MIDDLETON. The budget proposal before you this morning is the first one of the newly organized National Center for Air Pollu-

tion Control of the Public Health Service. The Center is charged with the same basic responsibilities as its predecessor, the Division of Air Pollution. However, it has been organized to provide an improved capability of carrying out functions as these have been broadened and expanded by the several successive amendments to the Clean Air Act. The Center has been organized in such a manner as to place emphasis on three primary program areas: (1) Abatement and control activities, (2) control technology research and development, and (3) criteria and standards research and development. This budget includes the first full year of implementation of the new grant authority under the Clean Air Act amendments of 1966.

The amount for control grants is a total of \$20 million.

Senator HILL. That is what you requested?

Mr. MIDDLETON. Yes, sir.

BUDGET REQUEST

Senator HILL. And that is what you asked the Department and what the Department asked the Bureau of the Budget?

Dr. MIDDLETON. Yes. The Clean Air Act amendments of 1966 allowed \$66 million, and we are requesting the total and it has been approved by the Department.

This is my first appearance before the committees since my appointment as Director of the Center last January 1. I feel a deep sense of responsibility and challenge in this new role, in meeting the serious national problems of air pollution and building on the excellent work and leadership of my predecessor, Vernon G. MacKenzie.

EASTERN SEABOARD POLLUTION

In December 1966, the Department of Health, Education, and Welfare sponsored a National Conference on Air Pollution here in Washington. I participated in this conference as a professor at the University of California and member of the California Motor Vehicle Pollution Control Board, not yet having assumed my present position. It was a particularly successful conference, in my view, in that I sensed an everwidening consensus on three important points: First, air pollution is now a serious nationwide problem; second, greatly accelerated public and private effort is needed to attack the problem; and, third, while we continue to seek the answers to remaining technical problems, the considerable knowledge which is now available to us should be put to practical application with a minimum of delay.

CALIFORNIA POLLUTION

Senator HILL. I know this problem is pretty serious in Los Angeles, and it is pretty serious throughout the State.

Dr. MIDDLETON. The State of California has a serious problem, but, all considered, it is by no means as serious as the pollution along the Eastern Seaboard of this country.

Senator HILL. They have had no such experience as New York had not long ago?

Dr. MIDDLETON. We have the pollution episodes in California that have caused considerable damage and affected the public health. They come perhaps with more regular frequency.

METROPOLITAN POLLUTION FLOW

The seriousness of the problem is perhaps greater in other sections of the country, notably in New York and New Jersey.

Senator HILL. When they were building up industry in that section, they never thought in terms of air pollution.

Dr. MIDDLETON. When an industry grows, it is the mixture of the industry, the people, the condensation of the total community, so that concentration of pollution is greatly increased in a small area. We are dealing with a metropolitan problem—a continuous series of cities—and pollution flows from one to the other.

CONTROL NOW FOR CLEAN AIR

When one considers the serious threats to the public health which air pollution poses, the detrimental effects to our economy, measured in billions of dollars annually, and the disfigurement of our natural environment, these conclusions by a conference broadly representative of government, industry, and other segments of society are not surprising. The conference theme was "Control *Now* for Clear Air." I propose to emphasize the word "Now" in the operations of the National Center and our budget request is geared to this sense of urgency.

PROGRAMS AND GOALS

The budget request before you will permit us (a) to increase our assistance, both financial and technical, in extending the coverage and improving the effectiveness of State and local air pollution control programs, (b) to increase our Federal abatement activity in interstate air pollution and control of motor vehicle pollution, and (c) to improve our technical ability to cope more effectively and economically with air pollution problems. I will comment briefly on some of the major items of the proposed program.

CONTROL PROGRAM GRANTS

The program of matching Federal grants-in-aid to State, local, and regional control agencies, inaugurated in 1965, has proved useful in stimulating much needed improvements in control activity. Since the program began, we have been oversubscribed, in that all eligible applications could not be totally funded.

Senator HILL. What percent have been funded in terms of the amount of money requested?

Dr. MIDDLETON. The total number possible in 1967 is 164. As I remember, all the available funds have either been awarded or are committed for the continuation of extant programs.

Senator HILL. That is programs existing now?

Dr. MIDDLETON. Yes.

Senator HILL. That they might not be cut off before they reach the goals which have been set?

Dr. MIDDLETON. Yes, if a program wishes to consider continuation, we feel it is only proper to have in reserve, funds which will allow the continuation.

Mr. MacKENZIE. May I supplement this very briefly? In the current calendar year, we have had under the regular appropriation the amount of \$7 million for the program grants in question. There is pending also a supplemental budget request in the amount of \$2.7 million, which would bring the total for these types of grants to \$9.7 million in this fiscal year. We estimate that in addition to this, we will end up with a backlog of about \$1½ million in grant applications which we will not be able to fund either from the regular appropriation or the amount that is pending in the supplemental.

Senator HILL. Did you ask for this additional money?

Dr. MIDDLETON. We asked for the maximum that could be requested under the 1968 appropriation authority.

Senator HILL. You mean under the authorization in the present law?

Dr. MIDDLETON. Yes, sir.

Senator HILL. In other words, you would have to get an amendment to the existing legislation to get more money, is that correct?

Dr. MIDDLETON. That is right, sir.

The 1966 Amendments to the Clean Air Act broadened the program grant authority. Thus, in addition to the previously authorized grants for stimulatory purposes and for limited periods, grants are now authorized for up to one-half of the cost of maintaining ongoing State and local government control programs, and up to three-fifths of the cost for regional programs. For 1968, we are requesting \$20,259,000 for this grant program, an increase of \$10,559,000 over 1967. This increased Federal assistance will accelerate the progress in State, local, and regional government activities in controlling air pollution.

ABATEMENT ACTIVITIES

The Department of Health, Education, and Welfare is committed to a vigorous and effective Federal air pollution abatement program.

I might add, Mr. Chairman, that this vital element in our program is one to which I personally give very high priority. I view the mission of the National Center for Air Pollution Control as one to protect the health and welfare of the country through actual abatement and prevention of air pollution. All we do must be directed toward this fundamental and primary objective.

Senator HILL. You are talking about prevention.

Dr. MIDDLETON. Prevention as well as control. We should begin to stop problems from forming.

Senator HILL. When you see something that is going to result in more pollution, you mean?

Dr. MIDDLETON. Yes.

FEDERAL ACTIVITY

Direct Federal abatement activity under the Clean Air Act is aimed primarily at those types of pollution problems which do not readily lend themselves to effective State and local action. These types of pollu-

tion problems include interstate and international air pollution and pollution from Federal facilities.

Since initiation of the program in 1965, nine interstate pollution actions have been undertaken affecting 19,539,000 people. These include the New York City metropolitan area; Ticonderoga, N.Y., and the New York-Vermont border; Selbyville, Del., on the Maryland-Delaware border; three interstate areas in the Ohio River Valley; Kansas City, Mo.; Lewiston-Clarkston on the Washington-Idaho border; and the Washington, D.C., area. Much more remains to be done and we are actively preparing to expand the scope of this program.

The increase requested for 1968 will permit faster progress toward a major goal of successfully abating air pollution in all 72 urban interstate areas having potential problems.

MOTOR VEHICLE POLLUTION CONTROL

The committee members are aware of the special pollution problems associated with automotive vehicles. These vehicles, which continue to grow in number, constitute in the aggregate the greatest single source of air pollution in virtually every section of the country.

Senator HILL. They are the major source?

Dr. MIDDLETON. They are the No. 1 source.

Senator HILL. All you have to do is ride up Constitution Avenue in the morning, as I do, and you have your case.

Dr. MIDDLETON. I am a pedestrian in Washington, whereas in California I was a vehicle driver. Here I am having a firsthand opportunity of seeing what effect motor vehicles have on the ordinary person. One is engulfed in these unpleasant fumes from both cars and buses.

Senator HILL. Now you speak about pedestrians. I would like to walk, myself, but I wonder how much good I am getting out of that walk when I am being gassed all of the time.

Dr. MIDDLETON. There is good evidence that you are being debilitated by much of this pollution.

Senator HILL. When I was in the Army, I had a gas mask, and maybe I had better go back and see if I can find that gas mask.

TESTING MODEL VEHICLES

Dr. MIDDLETON. Technical staff of the Center, in our automotive test laboratory near Detroit, are currently testing 1968 model vehicles for conformance to Federal emission standards, promulgated as regulations under the Clean Air Act.

Under this regulatory program, the manufacturers submit prototype models for testing to confirm data supplied by the companies, and when these meet the Federal standards, a certificate of compliance is issued for each model, by the Secretary of Health, Education, and Welfare. This involves separate certification of about 370 different engine-transmission combinations which represent the preponderant majority of the millions of vehicles sold annually in the United States by domestic and foreign manufacturers. Surveillance testing will also be carried out on selected production models to insure that the vehicles in use continue to comply with the standards. The budget proposal contains \$1,445,000 to carry out these required regulatory activities.

LOW POLLUTION VEHICLE DEVELOPMENT

Senator HILL. I notice that one company is going forward now with the development of an electric engine. From what you read, it is going to be a slow process, isn't it?

Dr. MIDDLETON. It is likely to be a slow process, but the fact that the producers of vehicles are interested in developing low pollution vehicles is significant.

Senator HILL. It is encouraging.

Dr. MIDDLETON. And whether the electric car is the ultimate answer is not quite the question. The immediate question to ask is this: Are there to be any improvements in the level of pollution from motor vehicles, regardless of the kind of propulsion?

Senator HILL. We had the electric car in the old days. Maybe you are too young to remember them.

Dr. MIDDLETON. If I make a confession, I can remember riding in one.

Senator HILL. Some years ago I lived down on Massachusetts Avenue at about 21st Street, and right up the street the late Nicholas Longworth, who was Speaker of the House of Representatives, came to the Capitol every morning in his electric car.

Dr. MIDDLETON. Wouldn't that be exciting if it were to take place today?

Senator HILL. It would, indeed. I am sure they would make a movie of it, if they did it today, for every television station in the country.

Dr. MIDDLETON. You are quite right.

PROPOSED VEHICLE PROPULSION RESEARCH

The motor vehicle pollution problem is sufficiently serious, and growing, that all feasible reductions in pollutant emissions from new vehicles must be obtained as these actions become possible. However, it must be recognized that the control technology that is anticipated over the next decade may not provide a permanent solution. Over the next 15 to 20 years, a gradual and significant reduction in pollutant emissions from motor vehicles should be obtainable by application of current technology and expected improvements. After that time, however, if the automobile population increases as now estimated, the sheer number of vehicles is expected to overcome the improvements we now believe possible in emission control technology and the automotive vehicle pollution situation will again deteriorate. More fundamental, longer range solutions involving vehicle propulsion systems having low pollution potential will ultimately be required. Along with the regulatory program, therefore, our research program provides for a beginning of activities directed toward such longer-range solutions.

CONTROL OF SULFUR OXIDE POLLUTION

The problem of sulfur oxide pollution is second only to automotive vehicle pollution in national significance with respect to its scope and impact. This sulfurous pollution results primarily from combustion of sulfur-bearing coal and oil.

Senator HILL. We never thought of that in the old days, did we?

Dr. MIDDLETON. No. In fact, some of the more interesting pictures of railroad engines show coal as a very important part, as well as coal-driven river-steamers on the Mississippi. Today I think the modern artist avoids putting coal smoke in the stack.

FOSSIL FUEL POLLUTANT DISCHARGE

Vast increases in electric power generation are projected in the years ahead with similar increases in coal and oil consumption. Unless controls which can cope with this anticipated growth are developed and applied, this trend will intensify a problem already posing a serious threat to the public health. We are convinced that such controls are achievable by the intensive research and development actions we have already initiated. There are several promising approaches under development. It is important that these leads be exploited with a minimum of delay. In 1967, we have underway a program of preliminary planning for pilot-scale evaluation of several possibilities for control. The 1968 budget contains funds for bringing two of these approaches to pilot-scale evaluation.

NUCLEAR POWER GENERATION POLLUTANT DISCHARGE

Senator HILL. In this connection, what about nuclear power? Is there much pollution from that?

Dr. MIDDLETON. May I ask Mr. MacKenzie to comment?

Mr. MacKENZIE. From all of the information we have available, Mr. Chairman, nuclear electric power generation is much less prone to discharge pollutants than are the current types of stations which utilize fossil fuels. I do not mean to infer that such problems are completely absent, but they are smaller in magnitude.

Senator HILL. Are you taking any steps to see how we can reduce the magnitudes that they do have?

Mr. MacKENZIE. Yes, sir. This has been studied in considerable depth in relation to nuclear electric power generation. The main pollution problem associated with the use of nuclear energy for electric power purposes is related to the chemical processing of the fuel elements after they have been used in the nuclear reactor for some time. Then the fuel elements must be removed and reprocessed chemically to remove the fission products which have developed and which will otherwise poison the nuclear fuel for continued use. It is in this chemical processing that the major pollution problem resides, but this can be segregated and given careful attention.

Senator HILL. One reason I asked the question is that the TVA, which has built quite a few steamplants, as you well know, is now proposing to build a very large nuclear plant in the Tennessee Valley. I am wondering just what effect that plant might have so far as this very matter of pollution is concerned.

Mr. MacKENZIE. Actually, it should have less pollution potential than if an additional plant of that size had been constructed using coal or other fuels.

Senator HILL. We will proceed.

1967 APPROPRIATION AND 1968 BUDGET REQUEST

Dr. MIDDLETON. In summary, the budget request submitted for 1968 will enable the Department to carry out its air pollution programs to the full extent authorized by the Clean Air Act. We are requesting an appropriation of \$64,185,000, an increase of \$24,720,000 over 1967.

Of this increase, \$8,046,000 is for research activities, \$1,416,000 is for training, \$10,559,000 is for control program grants, \$2,089,000 is for abatement and motor vehicle regulatory activities, and \$2,610,000 for technical services. Under the provisions of the 1966 amendments a supplemental budget request for 1967 is being submitted in the amount of \$3,904,000 to which \$996,000 released from reserve is being added for a total program increase of \$4,900,000.

I have touched briefly on some of the major items in the budget proposal for 1968. The programs in the proposed budget will provide us with an improved capability to deal with these serious national problems.

I will be happy to answer any questions you may have.

AUTOMOTIVE CONTROL SYSTEM

Senator HILL. You speak of serious national problems. You feel that with the funds in this bill you will be able to make major assaults, so to speak, on these problems?

Dr. MIDDLETON. We believe that we can make major assaults on several of these problems through three routes. First is the initiation of the automotive control system in which 1968 models to be sold this fall will for the first time on a national basis have control systems to reduce carbon monoxide and organic waste such as the hydrocarbons. This will be the first year, then, for the national population enjoying some control. This will be a long program because the average car is about 10 years old and runs about 100,000 miles. But it is a necessary first step. Where there may be a capability to apply devices on used cars, some consideration can be given to hasten this.

SULFUROUS POLLUTION ABATEMENT

The other step that we are taking to make some significant headway is in the truly accelerated program directed toward the abatement of sulfurous pollution, which, as I said earlier, Mr. Chairman, comes from the burning of fuel containing sulfur. In this regard, we have a multipronged attack which considers removing sulfur from the resource itself, or by taking out the pollution after combustion by controlling the emission from stacks.

ABATEMENT AND CONTROL

Perhaps a third most important attack is the very significant acceleration given to the abatement program, in which in interstate areas, and now in an intrastate area, in Montana, we are bringing about actions through consultations and conferences to determine the nature of pollution in stipulated areas. Control measures are obtained through recommendations set forth by the conference participants.

These are tangible pieces of evidence of abatement activity.

Senator HILL. I think the story here is that so often we wait so late before we get started, is that right?

Dr. MIDDLETON. Yes, I am very happy as a former Californian to see the Federal Government rise to the challenge presented. I think the Federal program is exceeding California's and you are providing the leadership that others are looking for.

Senator HILL. Which is very much needed at this time.

Dr. MIDDLETON. That is quite right, sir.

CHRONIC RESPIRATORY DISEASES

Senator HILL. Mr. MacKenzie, you always give us some good testimony. How has that respiratory disease program of the Alabama Tuberculosis Association been getting along?

Mr. MACKENZIE. We have been much pleased by what has developed from the work that we have supported down there. It has been of interest not only directly in the air pollution program, but I think it has made significant contributions to assessing the incidence of chronic respiratory diseases generally. Our chronic disease program has supplemented what was begun in the air pollution program, to extend the coverage of the assessment of chronic diseases and their incidence in various population groups in Alabama.

One of the more surprising, at least surprising to me, recent results which has come out of the broader survey is an indication that some of the people in farming areas in Alabama have an unexpectedly high incidence of chronic respiratory diseases, particularly emphysema.

Senator HILL. Is that from cigarettes?

Mr. MACKENZIE. We are not sure what the reason for this is. I rather doubt that rural people are smoking more cigarettes than the people in town.

Senator HILL. I don't think they do, from my personal observations.

Mr. MACKENZIE. We are very much pleased, and I think the results are going to be valuable.

Senator HILL. The program has been going forward very well then, has it?

Mr. MACKENZIE. Yes, it has.

Senator HILL. Is there anything you gentlemen would like to add?

STIMULATION OF LOCAL AND STATE GOVERNMENT ACTIVITIES

Mr. MACKENZIE. Could I add one point? In the budget before you we have already touched upon one element that is to me highly significant. This is the grant program for stimulation of greater air pollution control activity by the States and local governments. When this program was first authorized in the 1963 act, State and local government activities were at a very low level. In the intervening period, due to the stimulation afforded through the grant program, significant increases in State and local activities have occurred so that they now have increased more than 60 percent. With the request that is pending before you here, we expect that this can be further significantly advanced.

As of now, the State and local government activities are at about approximately 25 percent of what we consider to be a desirable level nationally. With the funds pending in this request, we think that we can increase this up to about 60 percent of what the desirable activity should be.

Senator HILL. You are speaking about the funds here. This budget submitted the full amount authorized, is that correct?

Mr. MacKENZIE. Yes, sir.

Senator HILL. You will have to get amendments to the basic legislation to increase the funds?

RECOMMENDED AUTHORIZATION INCREASE

Mr. MacKENZIE. Yes, the President has made recommendation to the Congress for further amendment of the Clean Air Act, including an increase in the appropriation authorization that would further accelerate this program.

Senator HILL. Have you had any hearings on those recommendations yet?

Mr. MacKENZIE. There was one hearing held before the Senate Committee on Air and Water Pollution under Senator Muskie in February, and an additional hearing is scheduled next week.

Senator HILL. You know, Senator Muskie has been very much interested in this matter, and I think he has done a fine job.

Mr. MacKENZIE. He has provided excellent leadership, in my view.

Senator HILL. Is there anything else you gentlemen would like to add?

COORDINATED HEALTH PROTECTION ACTIVITIES

Dr. PRINDLE. I might add a philosophical note. I think that this Center represents in many ways the efforts we are trying to do more broadly in our total Bureau. Here is a Center that runs the gamut from research to regulatory activity on the part of the Federal Government. On the other hand, it is one, as Mr. MacKenzie has pointed out, which is attempting very much to get State and local governments to do their share.

As a matter of fact, it is aiming to get participation by industry and all other people concerned, and I think this is the kind of role we are trying to play, in which there is a real partnership between all organizations and the various levels of government, to carry out our approaches to all of the problems that we have in the health protection field. I think this Center represents this philosophy very well.

Senator HILL. And I judge from what has been said here that you are getting pretty good cooperation today from the States and the other governmental divisions?

Dr. PRINDLE. This is progressing very satisfactorily.

WASHINGTON, D.C., POLLUTION

Senator HILL. Well, you came down to Washington knowing you would find no pollution here, didn't you, Doctor?

Dr. MIDDLETON. I came here recognizing that it had some of the same pollution Sacramento had, and also it has rather a significant

landmark to the east, which puts up rather a dark cloud in various periods of time. But I was surprised that a city of this kind would allow such a flagrant abuse of air.

Senator HILL. And we have all been so slow to wake up to this problem.

Dr. MIDDLETON. I propose to keep people more awake, more alert, and hopefully with the support of Congress we will see that we have a swift-action program.

Senator HILL. I commend you, sir. I strongly commend you. I want to thank you very much for your statement this morning, and yours, too, Mr. MacKenzie.

URBAN AND INDUSTRIAL HEALTH

STATEMENT OF JEROME H. SVORE, DIRECTOR; ACCOMPANIED BY EARL H. ARNOLD, ASSOCIATE DIRECTOR, NATIONAL CENTER FOR URBAN AND INDUSTRIAL HEALTH; DR. RICHARD E. MARLAND, CHIEF, INJURY CONTROL PROGRAM; DR. RICHARD A. PRINDLE, DIRECTOR, BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL; VERNON G. MacKENZIE, DEPUTY DIRECTOR, BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL; PETER J. BERSANO, FINANCIAL MANAGEMENT OFFICER, BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL; DR. LEO J. GEHRIG, DEPUTY SURGEON GENERAL; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER, PUBLIC HEALTH SERVICE; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

URBAN AND INDUSTRIAL HEALTH

[ENVIRONMENTAL ENGINEERING AND SANITATION]

To carry out sections 301, 311, and 361 of the Act, and for expenses necessary for demonstrations and training personnel for State and local health work under section 314(c) of the Act, with respect to *occupational health, injury control, arctic health, milk, food, and [community] environmental sanitation*, and interstate quarantine activities; *section 2(k) of the Water Quality Act of 1965 (79 Stat. 903)*; and [to carry out] the functions of the Secretary of Health, Education, and Welfare under the Solid Waste Disposal Act of 1965 (79 Stat. 997), **[\$21,963,000]** including purchase of not to exceed two passenger motor vehicles, **\$42,594,000.**

Amounts available for obligation

	1967	1968
Appropriation.....	\$21,963,000	\$42,594,000
Comparative transfers from—		
"Occupational health".....	6,559,000	—
"Injury control".....	4,894,000	—
"Environmental health sciences".....	2,405,000	—
Transferred to "Operating expenses, Public Buildings Service," General Services Administration.....	—1,000	—
Total.....	35,823,000	42,594,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Grants.....		\$18,591,000		\$22,525,000		+\$3,934,000
Research.....		10,696,000		12,071,000		+1,375,000
Training.....		1,795,000		3,331,000		+1,536,000
Fellowships.....		100,000		123,000		+23,000
Survey and demonstration.....		5,000,000		5,000,000		
Planning.....		1,000,000		2,000,000		+1,000,000
Direct operations.....		16,797,000		20,039,000		+3,272,000
Solid wastes.....	214	4,163,000	249	5,597,000	+35	+1,429,000
Occupational health.....	265	3,571,000	327	4,544,000	+62	+973,000
Injury control.....	163	2,874,000	170	3,250,000	+7	+376,000
Food and water quality.....	380	4,474,000	394	4,726,000	+14	+252,000
Arctic health.....	72	1,113,000	72	1,333,000		+220,000
Special environmental hazards.....	37	597,000	37	619,000		+22,000
Total obligations.....	1,136	35,388,000	1,249	42,594,000	+113	+7,206,000
Unobligated balance, reserve.....		435,000				-435,000
Total obligations and balance.....	1,136	35,823,000	1,249	42,594,000	+113	+6,771,000

Obligations by object

	1967 estimate	1968 estimate	Increase (+) or decrease (-)
Total number of permanent positions.....	1,136	1,249	+113
Full-time equivalent of all other positions.....	28	34	+6
Average number of all employees.....	1,010	1,119	+109
Personnel compensation:			
Permanent positions.....	\$8,521,000	\$9,522,000	+\$1,001,000
Positions other than permanent.....	115,000	165,000	+50,000
Other personnel compensation.....	149,000	174,000	+25,000
Total personnel compensation.....	8,785,000	9,861,000	+1,076,000
Personnel benefits.....	1,063,000	1,258,000	+195,000
Travel and transportation of persons.....	1,014,000	1,356,000	+342,000
Transportation of things.....	205,000	331,000	+126,000
Rent, communications, and utilities.....	615,000	800,000	+185,000
Printing and reproduction.....	242,000	256,000	+14,000
Other services.....	456,000	514,000	+58,000
Project contracts.....	2,139,000	2,950,000	+811,000
Services of other agencies.....	279,000	281,000	+2,000
Payment to—			
“Public Health Service management fund”.....	309,000	350,000	+41,000
“National Institutes of Health management fund”.....	119,000	136,000	+17,000
Supplies and materials.....	563,000	599,000	+36,000
Equipment.....	967,000	1,212,000	+245,000
Land and structures.....	41,000	165,000	+124,000
Grants, subsidies, and contributions.....	18,591,000	22,525,000	+3,934,000
Total obligations.....	35,388,000	42,594,000	+7,206,000

Summary of changes

1967 enacted appropriation-----	\$21, 963, 000
Comparative transfers from:	
"Occupational health"-----	6, 559, 000
"Injury control"-----	4, 894, 000
"Environmental health sciences"-----	2, 408, 000
Transferred to "Operating expenses, Public Buildings Service,"	
General Services Administration-----	-1, 000
Unobligated balance, reserve-----	-435, 000
1967 total estimated obligations-----	35, 388, 000
1968 estimated obligations-----	42, 594, 000
Total change-----	+7, 206, 000

	Base		Changes from base	
	Positions	Amount	Positions	Amount
Increases:				
A. Built-In:				
1. Annualization of 130 new positions authorized in 1967-----				\$556, 000
2. Increase for operation and maintenance costs of Arctic Health Research Laboratory-----				220, 000
B. Program:				
1. Research grants-----		\$10, 696, 000		1, 375, 000
2. Training grants-----		1, 795, 000		1, 536, 000
3. Fellowships-----		100, 000		23, 000
4. Planning grants-----		1, 000, 000		1, 000, 000
5. Expansion of solid wastes program-----	214	4, 168, 000	35	1, 094, 000
6. Expansion of occupational health program-----	265	3, 571, 000	62	970, 000
7. Expansion of injury control program-----	168	2, 874, 000	2	335, 000
8. Expansion of food and water quality program-----	380	4, 474, 000	14	257, 000
9. Increase in pro rata share of Public Health Service management fund-----		309, 000		41, 000
Total program increases-----			113	6, 631, 000
Decreases:				
A. Nonrecurring items of equipment-----				-125, 000
B. 1 less day of pay (261 days in 1967; 260 in 1968)-----				-26, 000
C. Nonrecurring cost of relocation of Arctic Health Research Laboratory-----				-50, 000
Total decreases-----				-201, 000
Total net changes requested-----			+113	+7, 206, 000

EXPLANATION OF CHANGES

Research grants

The increase of \$1,375,000 will support an additional 24 non-competing continuation grants and 11 awards for new research grants. Research emphasis will be directed toward improving man's adjustment to changing environmental conditions through the solution of problems associated with these changes in the areas of environmental toxicants; injury control, particularly traffic injuries; occupational health hazards; and solid wastes disposal.

Training grants

The increase of \$1,536,000 will provide 29 additional grants. Four of these grants will be solid waste training grants for the university support of graduate-level students and development of training curricula. The remaining 25 are research training grants which provide support for graduate students studying to be researchers in urban and industrial health programs.

Fellowships

The increase of \$23,000 will provide five additional fellowships to support trainees preparing for careers in injury control research.

Planning grants

The increase of \$1,000,000 will provide 16 additional planning grants to State and interstate agencies for the collection of information and data on the extent of their solid waste problems and the development of long-range plans for establishing a solid waste program.

Solid wastes program

The net increase of 35 positions and \$1,094,000 will provide for continuing research investigations currently being conducted on health hazards of solid waste disposal and implementing new research projects on solid waste reduction by trench incineration, incinerator design studies, sanitary handling and separation of refuse, and improved biodegradation techniques. Technical assistance will be increased in order to expand data collection activities for evaluating existing solid waste disposal systems and procedures and to stimulate cooperation in planning among public and private agencies sharing responsibility for solid waste management in interlocal or interstate regions. Expanded demonstration activities will be undertaken through contracts, at the Urban and Industrial Health facilities at Cincinnati, Ohio, and at the Johnson City, Tennessee Composting Demonstration facility.

Occupational health program

The net increase of 62 positions and \$970,000 will allow for the acceleration of environmental studies on the health hazards associated with asbestos and beryllium. Training activities will be expanded to strengthen the competency and increase the trained manpower pool of State and local government agencies in the occupational health field. The technical services increase will provide consultative assistance through the assignment of professional personnel to a number of States and by expanded assistance through field facilities.

Injury control program

The net increase of 2 positions and \$335,000 will provide for increased epidemiological studies on the effects of the series of events which occur before and after a person has been injured and their relationships to his extent of final recovery.

Food and water quality program

The net increase of 14 positions and \$257,000 will provide for microbiological research studies on the health aspects of drinking water supplies, and for carrying out responsibilities of the Surgeon General in the water supply field in accordance with an agreement related to the transfer of the Federal Water Pollution Control Administration to the Department of the Interior.

LEGISLATIVE AUTHORIZATION FOR GRANT PROGRAMS

Public Health Service Act, Title III, Sec. 301(d)—

The legislative authority in Section 301 of the Public Health Service Act which provides for the award of grants for research, research training, and fellowships is included in the section of the justifications under the tab, "Pre-amble Paragraph" in Volume V.

Solid Waste Disposal Act, Title II, Sec. 204(b), (3)—

"Make grants-in-aid to public or private agencies and institutions and to individuals for research, training projects, surveys, and demonstrations. . ."

Solid Waste Disposal Act, Title II, Sec. 206(a)—

"The Secretary may from time to time, upon such terms and conditions consistent with this section as he finds appropriate to carry out the purposes of this Act, make grants to State and interstate agencies of not to exceed 50 per centum of the cost of making surveys of solid waste disposal practices and problems within the jurisdictional areas of such States or agencies, and of developing solid waste disposal plans for such areas."

Solid Waste Disposal Act, Title II, Sec. 210(a)—

"There is hereby authorized to be appropriated to the Secretary of Health, Education, and Welfare, to carry out this Act, not to exceed \$7,000,000 for the fiscal year ending June 30, 1966, not to exceed \$14,000,000 for the fiscal year ending June 30, 1967, not to exceed \$19,200,000 for the fiscal year ending June 30, 1968, and not to exceed \$20,000,000 for the fiscal year ending June 30, 1969."

INTRODUCTION

The National Center for Urban and Industrial Health plans, conducts, and coordinates a national program for the prevention and control of environmental hazards and health problems associated with urban living including those related to an industrialized society. The Center structure integrates many heretofore distinct activities so that more effective effort to cope with the growing problems in urban and industrial health may be exerted. The several functional programs, including solid wastes management, occupational health, injury control, food and water supply, and special environmental hazards, which have common interests are structured within the Center concept to correlate various activities such as epidemiology, cold weather research, and other research and training related to urban and industrial health.

Technological and medical solutions are available, or can be developed, that will make significant contributions to solving major urban and industrial health problems. One of the reasons for the lack of greater success to date has been that urban and industrial health studies have not been considered in an entirely correlated systematic context—the focus has often been fragmented among individual organizational entities. This failure to concentrate on the total problems of urban and industrial health has, in many instances, prolonged adverse environmental situations.

Many of the problems in urban and industrial health were not of great public concern 20 years ago; some were considered only as future inconveniences. Today, however, these problems have become of great concern due to the rapid technological changes in industry, our patterns of living, and our ever-increasing urbanization. To provide solutions for these changes and the complex problems associated with them, a new approach and an expanded program effort is necessary.

During 1968, research studies will seek new and improved solid waste concepts and methodologies, including improved health protection from waste disposal. Epidemiological studies will concentrate on determining health hazards associated with asbestos and beryllium and studies relating to respiratory diseases. Investigations will be initiated on the pattern of events, quality of initial care, and recovery or physical impairments related to emergency care of the injured. Research efforts will also be concerned with the control and prevention of injuries and deaths at home and at work, including investigations as to how and why automobile accidents occur. Milk and food research will continue to develop new technical data that can be applied toward reducing the incidence of foodborne diseases and contamination. New water supply research activities will investigate the health effects of waterborne contaminants on man and related disease outbreaks. The arctic health program will continue studies on arctic environments, defining health hazards and the means for overcoming them.

Training efforts will provide short-course instructions in such areas as State planning for solid waste programs, injury control and occupational health techniques, ambulance attendant training, and milk and food surveillance procedures. Both intramural and extramural training programs will be expanded to upgrade and increase the numbers of qualified research and other professional personnel now available to the various disciplines under urban and industrial health.

Technical assistance will be expanded through direct assignment of personnel to State occupational health programs, through demonstration and planning grants for purposes of stimulating solid waste efforts, and by consultation, guidance, and surveillance related to such problems as solid waste disposal criteria and current practices in use. Increased efforts will carry out assigned responsibilities of the Surgeon General in the water supply field.

Grants

	1967 estimate	1968 estimate	Increase or decrease
Research.....	\$10,636,000	\$12,071,000	+\$1,375,000
Training.....	1,795,000	3,331,000	+1,536,000
Fellowships.....	100,000	123,000	+23,000
Survey and demonstration.....	5,000,000	5,000,000	-----
Planning.....	1,000,000	2,000,000	+1,000,000
Total grants.....	18,531,000	22,525,000	+3,934,000

Research grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Noncompeting continuations.....	229	\$6,671,000	253	\$7,739,000	+24	+\$1,068,000
2. New grants.....	129	3,861,000	140	4,123,000	+11	+262,000
3. Supplements.....	(26)	164,000	(31)	209,000	(+5)	+45,000
Total.....	358	10,696,000	393	12,071,000	+35	+1,375,000

Problems of urban and industrial health have become more difficult to control because of increasingly rapid technological changes and expansion of metropolitan areas. Continuous study is essential to keep control measures in step with changing environmental health problems. The research grants program permits enlistment of research capabilities at universities and other non-profit institutions to define, assess, and elucidate urban and industrial health problems. Support is provided to investigators whose research proposals are reviewed by panels of experts and recommended for award.

Major problems which have been explored and on which work will continue during 1968, include studies regarding biochemical and physiological action of industrial chemicals and the means for detection of early toxic effects; the behavioral responses of humans and animals under simulated industrial conditions; the effects of physical and chemical contaminants on the skin of workers; radiation effects from the laser beam, together with suitable methods for protecting workers; and the synergistic effects of alcohol on chlorinated hydrocarbons.

During 1968, increased emphasis will be made in research directed toward improvement of man's health by the development of criteria to optimize the design and manipulation of urban environments. This includes studies on the physiological effects of environmental stressors such as: noise, vibration, humidity, temperature, overcrowding, and residential sanitation as well as those relating to the availability and use of safe, healthful, recreational areas.

Evaluations will be undertaken on the feasibility of new approaches for handling solid wastes, including biodegradation, chemical conversion, and physical reconstitution. New approaches in the area of waste collection and transport will be explored, such as the use of underground systems serving whole communities or regions. The primary emphasis in these areas will be studies leading to protection against health hazards associated with the processing and disposal of solid wastes and studies involving conversion or recycling into potentially useful and safe materials and resources. Investigations of major importance currently receiving support include: a five-part project under the direction of Percy H. McGauhey, Director of Sanitary Engineering, University of California at Berkeley, to evaluate environmental effects, land use planning, underground transport methods, systems analysis of waste management, and improved treatment techniques; and an investigation being conducted by Dr. P. W. Purdom, Director of the Department of Environmental Engineering, the Drexel Institute of Technology, of health hazard potential of incineration residues which may be used for landfills. In 1968, \$2,515,000 is included for solid wastes research grants compared to \$1,677,000 in 1967.

With heavy emphasis now being placed on traffic injuries by a Presidential message and Congressional action, it is anticipated that there will be a much greater interest on the part of researchers to undertake studies in this area and it is planned to emphasize the need of this research in 1968. Other injury control objectives for 1968 will be to further broaden the interests of senior researchers, particularly in the life sciences, to undertake research in injury prevention, and to stimulate, develop and focus attention of senior researchers on the needs in the various areas of non-transportation accidents such as falls, fractures, poisonings, home, and childhood accidents.

The provision of Federal support for new research programs on urban and industrial health is essential in an often complex urban society. Very few research organizations, including universities, have taken really independent and significant steps to investigate and solve urban and industrial health problems from an interdisciplinary point of view. The major reason is the lack of a national focal

point—both financial and technical—to encourage such activity. The Center for Urban and Industrial Health will provide a mechanism to overcome this problem.

In 1968, an increase of \$1,375,000 is requested to support a total of 393 grants, 35 more than the 358 to be supported in 1967.

Training grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Continuations.....	28	\$1,429,000	29	\$1,439,000	+1	+\$10,000
New grants.....	7	366,000	35	1,892,000	+28	+1,526,000
Total.....	35	1,795,000	64	3,331,000	+29	+1,536,000
Solid wastes training grants.....	8	350,000	12	490,000	+4	+140,000

Under the authority of Public Law 89-272, solid waste training grants are awarded to universities to provide for curricula development, training aids, and support of graduate-level students. Recognizing its particular responsibility to encourage and support training programs in the solid waste management field, and realizing how severely hampered the field is by the lack of personnel trained to cope with the mounting waste disposal problem, the Federal government has assigned a high priority to the training of professional, technical, and managerial personnel capable of researching and applying new concepts and systems for solid waste management. The training program was initiated in 1966, with the award of four training grants for curricula development and the support of 20 graduate-level students. In 1967, approximately 45 students will receive training at eight universities. In 1968, \$490,000, an increase of \$140,000, is requested for training of 60 post-graduate students at 12 institutions.

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Research training grants.....	27	\$1,445,000	52	\$2,841,000	+25	+\$1,396,000

The research training grants program is one of the major efforts of the Center to meet the need for more researchers who are interested in and prepared to undertake research in one or more of the many areas of urban and industrial health. The intent is to encourage development of organized training programs which integrate course work and research practice under senior investigators and thereby provide competent investigators capable of independently conceiving, designing, and carrying through fruitful research. These grants provide support for faculty, visiting lecturers, research seminars, equipment, and stipends for graduate students selected by the university.

It is expected that graduates of such training programs will develop careers in various program areas of urban and industrial health research. Numerous scientific committees have repeatedly pointed out that the trained manpower now available is insufficient for the task of dealing with the hazards to public health from environmental contamination. The study "Restoring the Quality of Our Environment," by the President's Science Advisory Committee, states, "In the long run, improving both numbers and quality of highly trained manpower engaged in key actions, from research to enforcement, will do most for us, and merits highest priority." The aim of the program is to produce personnel with the capability to pursue the complexities of characterization, measurement, evaluation, and elimination of urban and industrial health hazards.

During 1968, grant funds will be provided for graduate programs of research training in professional schools which by curriculum design and direction are oriented to attract and train scientists for this specialized field of public health.

In these programs, students will receive training in a particular discipline, research experience in a problem area significant to urban and industrial health, and a synthesis of research methodology of related fields of science. In addition to the support of pre- and post-doctoral students, these funds will strengthen the scientific base of the programs by augmenting faculties, stimulating the organization and conduct of seminars, and improving training laboratories by providing modern research instruments.

This increased program of research training grants will eventually permit a stepped-up attack on pressing problems in research. It will help in overcoming a serious deterrent to our national capability for developing sound programs in urban and industrial health, including urban planning and development.

The 1968 request of \$2,841,000, an increase of \$1,396,000, will provide support for approximately 160 students at 52 institutions.

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Fellowships.....	11	\$100, 000	16	\$123, 000	+5	+\$23, 000

In addition to training grants which the National Center for Urban and Industrial Health is using to meet the increasing need for trained and experienced investigators interested in undertaking research, fellowships are used to provide direct support to students for graduate-level training. The intent is to encourage promising students to develop careers in particular areas of injury control research.

There are now research programs for training of students in special areas at a few universities such as UCLA, Cornell, and Ohio State University. In addition, there is some exposure of students to such research through their employment on projects supported by research grants. The need is for training through integration of course work and practice under senior scientists. The \$123,000 requested will support 16 students in 1968.

Survey and demonstration grants, solid wastes

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Survey.....	25	\$1, 000, 000	25	\$1, 000, 000	-----	-----
Demonstration.....	16	4, 000, 000	16	4, 000, 000	-----	-----

New ideas and technological innovations in solid wastes disposal systems will be barren unless their practicability and effectiveness can be demonstrated. Demonstration grant projects may receive up to two-thirds Federal support and may include the construction of disposal and waste reduction facilities. This program will make possible the early application of new solid waste management systems and principles without which the prospects for substantial improvement in controlling the mounting solid waste problem would be meager. Thus, demonstration projects are an essential step in the integrated program concept and logically follow successful bench, pilot-scale, and feasibility studies. New methods and systems of solid waste management will be placed into full-scale operation. Projects currently receiving support range from the demonstrations of improved technology for treatment of solid waste to mergers of small community waste disposal operations into regional management districts. Examples of grant supported projects include (1) a project by the City of Stamford, Connecticut, which involves the construction of a multi-purpose incinerator to demonstrate the feasibility of disposing of solid wastes that normally are too volatile or bulky to burn, such as refrigerators, furniture, and automobiles, and (2) a study and

investigation being conducted by the University of Louisville for the purpose of developing a single Jefferson County disposal system to replace the present manifold community system. This project involves some 58 municipalities with populations ranging from about 1,000 to 400,000. Only three of these municipalities operate their own collection facilities.

In 1966, 19 grants were awarded for demonstrations, studies and investigations providing up to two-thirds of the project costs; three projects included construction of small-scale solid waste disposal demonstration facilities. In 1967, and 1968, 41 grants will be funded at a level of \$5,000,000 to facilitate the application of knowledge and systems developed from Federal and privately supported research projects.

Planning grants, solid wastes

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
Planning grants, solid wastes.....	25	\$1,000,000	41	\$2,000,000	+16	+\$1,000,000

The purpose of solid waste planning grants, which permit Federal support of up to one-half of the project cost, is to initially assist States in gathering basic information on the extent of the solid waste problem and on the effectiveness and deficiencies of ongoing efforts within the State. Making use of this information, States receiving support will then develop comprehensive long-range plans for meeting their solid waste problems. The plans will include not only appropriate consideration of the existing and projected solid waste disposal needs of the State, but will also take into consideration such related factors as the control of air and water pollution resulting from improper disposal operations, meaningful land-use planning, protection of the public health, and trends in population and industrial growth that will affect the future character of the solid waste management problem. To the fullest extent possible, these plans will encourage inter-governmental cooperation.

Up to the present, many local and regional planning efforts have either ignored or paid limited attention to the steadily mounting volume of solid wastes. A means for overcoming this will be to concentrate on coordinated, practical, and long-term planning that will accommodate the varying requirements for large metropolitan areas and those of the smallest municipality. Effective cooperation will be sought among various jurisdictions comprising what can be termed a "solid waste disposal shed." An example of an ongoing project of the kind needed is that of the California State Department of Public Health which is assessing the current quantities of solid waste produced throughout the State, using statewide inventories, from which they can develop future long-range plans for solid waste disposal.

During 1966, \$400,000 was available for the first year of the program, and \$1,000,000 is available to support 25 such grants in 1967. An increase of \$1,000,000 is requested for 1968 to permit the award of 41 planning grants. The previously approved State planning projects and 16 new grants will be supported in 1968.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	1, 136	\$9,848,000	1, 249	\$11,119,000	+113	+\$1,271,000
Other expenses.....		6,949,000		8,950,000		2,001,000
Total.....	1, 136	16,797,000	1, 249	20,069,000	+113	+3,272,000

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Solid wastes.....	214	4,168,000	249	5,597,000	+35	+1,429,000
Occupational health.....	265	3,571,000	327	4,544,000	+62	+973,000
Injury control.....	168	2,874,000	170	3,250,000	+2	+376,000
Food and water quality.....	380	4,474,000	394	4,726,000	+14	+252,000
Arctic health.....	72	1,113,000	72	1,333,000	-----	+220,000
Special environmental hazards.....	37	597,000	37	619,000	-----	+22,000
Total.....	1,136	16,797,000	1,249	20,069,000	+113	+3,272,000

Solid wastes—Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Research.....	85	\$2,150,000	100	\$2,793,090	+15	+\$643,000
Training.....	20	378,000	20	424,000	-----	+46,000
Technical assistance.....	81	1,200,000	96	1,582,000	+15	+382,000
Demonstration development.....	28	440,000	33	798,000	+5	+358,000
Total.....	214	4,168,000	249	5,597,000	+35	+1,429,000

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Research.....	85	\$2,150,000	100	\$2,793,000	+15	+\$643,000

The President's Science Advisory Committee in its report "Restoring the Quality of Our Environment" and the National Academy of Sciences in its more recent report "Waste Management and Control," have called for a new and redoubled effort to find better methods of alleviating the national solid waste burden, not merely by employing improved disposal techniques, but also by developing techniques for the reduction of wastes, for the productive recycling of waste material, and for the recovery of the energy resources now being lost through inefficient waste management. A steadily mounting burden of wastes handled in ways that endanger the public health and welfare through environmental deterioration and excessive economic penalties cannot be accepted.

The 1968 research program will focus on two fundamental problem areas: the need for greatly improved health protection and the necessity for discovering new and improved solid waste concepts and methodologies. Since some technological innovations are already in the pilot stage and even in limited use in certain segments of industry, in-house research capability will concentrate on providing the resources necessary to evaluate the health implications of this emerging technology and the potential for broader application. This will be accomplished through the solid waste research and pilot plant facilities at Cincinnati, Ohio, and through extensive use of contractual arrangements with other Federal agencies, research institutions and private industry. At the same time a greatest effort also will be made to enlist the cooperation of industry in applying both its present technological knowledge and its research and development capabilities to the overall national problem of solid waste management. Segments of industry, such as the aerospace complex, have already made initial entries into this broad field. These welcome beginnings must be encouraged and ex-

panded to include the chemical industry, the pulp and paper industry, the packaging industry, and other parts of the private sector which can unquestionably contribute toward improved waste management through better disposal practices and the reduction in the volume of disposable wastes.

Health investigations which are currently underway include studies of the occurrence and survival of pathogens and other indicator organisms in compost, an investigation of the survival of microorganisms in rendering plants, and studies designed to identify chemical and microbiological health hazards associated with the use of poultry litter as a feed for beef and dairy cattle.

The requested increase of \$643,000 and 15 positions for 1968 will provide for continuing investigations currently underway and for implementing new ones in such areas as solid waste reduction by trench incineration, incinerator design studies, sanitary handling and separation of refuse, and improved biodegradation techniques.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Training.....	20	\$378,000	20	\$424,000	-----	+\$46,000

The direct training program has been established to provide needed specialized technical courses for the professional personnel of organizations and agencies with solid waste responsibilities. The program efforts include the following activities: (1) assessment and evaluation of the training needs of State and local agencies; (2) design of short courses on the basis of needs indicated by surveys, research findings, and demonstration projects; (3) conduct of special in-service courses to meet the needs of the Public Health Service in the discharge of its solid waste program responsibilities; (4) provision of consultation and assistance to State and local agencies in the development of solid waste management training activities; (5) conduct of carefully designed short courses demonstrating the latest knowledge and technology in solid waste engineering and management; (6) development of course curricula and various types of training manuals for class instruction and issuance to State, local, and industrial training programs; and (7) supervision of the graduate training program at universities for approximately 7 Public Health Service professional personnel during 1968.

The program also provides one and two-day orientation courses for personnel who are associated with solid waste management. For professional and technical personnel, one week topical courses are given in Cincinnati and in the field. These courses, designed to improve solid waste management programs, are for professional practitioners or persons who are responsible for establishing and managing such programs.

During 1968 short-term instruction will be provided for State, local, and industrial personnel on subjects ranging from elements of State planning to the sanitary aspects of refuse collection and disposal. The requested increase of \$46,000 will provide for annualization of the 11 new positions authorized in 1967.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Technical assistance.....	81	\$1,200,000	96	\$1,582,000	+15	+\$382,000

Establishment of the Federal solid wastes program and the rising national awareness of the critical need to make up for past and present shortcomings in the field of solid wastes management have combined to create a growing demand

for technical assistance from State, local and industrial officials. The State planning grant program has also intensified the need for extensive Federal technical advice.

During 1968, increased funding will be used to concentrate on establishing guidelines of good practice and technical criteria for currently acceptable solid waste disposal methods and processes, based on comprehensive survey data and knowledge gained through research. Such guidelines and criteria do not currently exist, and the expanding magnitude of the problem requires that standards be made available to guide decision-making at all levels of government. At present, information and assistance in utilizing the best known current practices of waste disposal is provided to State, local, and interstate agencies through the technical assistance program.

The increase also will enable contractual activities to be expanded for gathering data to evaluate current solid waste disposal systems and procedures. A concentrated effort will be made to stimulate cooperation in progressive planning among public and private agencies which share responsibility for solid waste management in interlocal or interstate regions. An increase of \$382,000 and 15 positions is requested for the support of these activities in 1968.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Demonstration development.....	28	\$440,000	33	\$798,000	+5	+\$358,000

The demonstration development program is responsible for the in-house demonstration projects and the technical considerations relevant to the demonstration grant program. These responsibilities require the conduct of systematic technical and engineering reviews, feasibility studies, preliminary site visits and criteria evaluation. Follow-up activities after project initiation involve construction critique and review, engineering consultation, and liaison activities with grantees or contractors.

As the national solid waste problem becomes more acute and critical, there will be increasing pressure to rapidly exploit research breakthroughs. In response to this, the creation of sound programs through demonstration projects will continue to be encouraged and accelerated. These projects permit the identification and correction of health and other technical problems not evident during pilot or bench scale testing programs and will further permit necessary and meaningful economic evaluations. With the relatively large investments involved in grant and directly supported demonstration projects greater capabilities are needed to conduct careful evaluation and planning.

During 1968, the demonstration project staff will continue demonstration activities through directly supported in-house projects, including contract arrangements when appropriate. One new project to be initiated will be a comprehensive and economical solid waste management demonstration program for communities with a population under 25,000. The objective of such a project will be to incorporate into one compatible system proven, effective methods and techniques currently available for the storage, collection, and disposal of solid wastes. Efforts will also be directed to enlist the cooperation of industry in applying its present technological knowledge to the national problem of solid waste management. The Johnson City, Tennessee, demonstration composting project, which was initiated jointly by the Public Health Service, the Tennessee Valley Authority and Johnson City, will experience its first full year of operation during 1968. The project includes a full-scale demonstration which will permit research on the public health aspects of the use of municipal refuse and raw sewage in compost. The increase of 5 positions and \$358,000 in 1968 will provide for operation of this facility and expand in-house demonstration projects.

OCCUPATIONAL HEALTH

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Research.....	187	\$2,594,000	229	\$3,335,000	+42	+741,000
Training.....	10	152,000	15	226,000	+5	+74,000
Technical assistance.....	68	825,000	83	983,000	+15	+158,000
Total.....	265	3,571,000	327	4,544,000	+62	+973,000

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Research.....	187	\$2,594,000	229	\$3,335,000	+42	+741,000

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
(a) General.....	110	\$1,367,000	152	\$2,108,000	+42	+741,000

During 1968 epidemiological studies designed to investigate and determine health hazards associated with the substances of beryllium and asbestos will receive additional emphasis. These studies will be concerned with the inherent risk of exposure for persons working in industries producing or using these materials and will also explore and evaluate dangers to the general population. Increases of 42 positions and \$741,000 are requested in 1968 to carry out these control and preventive research studies.

Asbestos has been implicated as an etiologic agent in the production of certain types of lung cancer and pleural mesothelioma. Evidence suggests a potential problem from incidental and community exposure. Research in European countries and in South Africa, as well as preliminary research findings in the United States, has indicated a high prevalence of lung cancer and pleural mesothelioma among certain groups of asbestos workers. The general population is subject to exposure also since asbestos fibers are an ubiquitous contaminant in municipal atmospheres; a primary source is the breakdown of automobile brake linings. The medical research will include examinations of sputum samples, pathology studies, pulmonary functions tests, and medical examinations of workers exposed to asbestos. Mortality and morbidity experience will be compiled and compared with the general population. Toxicologic investigations also will be conducted, using various kinds of raw asbestos and finished asbestos products. The total effort will contribute to the basic understanding of the epidemiology of lung cancer and pleural mesothelioma in the general population and elucidate the requirements necessary for control and preventive research.

The importance of beryllium as a potential health hazard, to both the employed population and the general population, which was noted by the President's Science Advisory Committee in its report "Restoring the Quality of Our Environment", cannot be overemphasized. The toxic properties of this element have been known since 1946 when it was used extensively as a phosphor in fluorescent lamps and in the development of nuclear energy. Following World War II when its use was discontinued as a fluorescent phosphor, the production of beryllium was limited, as it had relatively few industrial uses. However, because of its low density and other physical properties, beryllium is becoming a widely used metal, especially in space technology and as a general purpose alloy. Beryllium compounds are being used as rocket and missile propellants, thus extending the insidious

danger of this metal and its compounds from the industrial site to the ambient air. It is estimated that presently some 10,000 workers may be exposed to beryllium and its compounds, in addition to a large population group living in the vicinity of plants producing beryllium. Since 1946, 735 cases of beryllium poisoning have been reported of which 190 have resulted in death. The pulmonary form of berylliosis generally results in death. Efforts in 1968 will be directed towards the determination of the toxic levels of exposure, the refinement of current standards, and the development of control methods.

Research activities will continue in toxicology, pathology, physiology, occupational medicine, and in engineering and chemical analysis. These activities are directly responsive to the need for new knowledge to control changing health hazards arising at the place of work.

During 1968, toxicologic studies will be directed to several acute industrial problems, such as solvents used in the formulation of plastics, the biologic effects of intermetallics, and the products of pyrolysis of plastics. Basic studies on mechanism of toxic action and the natural defenses of the body will be continued.

Studies of the physical environment, with emphasis on noise, radiant energy, and adverse thermal stress, will be continued. Morbidity and mortality studies have demonstrated that some occupational groups have elevated rates of certain chronic diseases. Studies will be made on the relationship between environmental exposures and chronic diseases in industrial workers. With increasing automation and mechanization, the man-machine relationship becomes increasingly important in terms of health and comfort, as well as of efficient production. For example, changes in the design of tractors will significantly reduce the operator's exposure to exhaust gases, radiant heat and noise. Human engineering studies are underway to determine other means for overcoming health problems of the man-machine relationship.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
(b) Respiratory diseases.....	77	\$1,227,000	77	\$1,227,000	-----	-----

Another hazardous area upon which research will concentrate during 1968 is that involving coal pneumoconiosis, a major occupational disease affecting almost 20 percent of the entire bituminous coal mining population. In addition to being a severe health problem, it represents a major social cost, requires extensive use of hospital facilities, and presents problems of medical rehabilitation of coal miners. During 1967 the Appalachian Laboratories for Occupational Respiratory Diseases at West Virginia University will become operational, thus making it possible to conduct major research on coal pneumoconiosis in one location. These laboratories will permit the use of a wide variety of scientific disciplines to examine respiratory diseases in a coordinated and effective manner and to develop long-range prospective studies of coal pneumoconiosis at the clinical and basic science level. In view of the increasing prevalence of respiratory diseases, including bronchitis and emphysema in the general population, these studies will be essential to a broader understanding of the disease mechanism and should result in developing fundamental preventive procedures.

Studies proposed for 1968 will relate to basic mechanisms of respiratory physiology, to fundamental changes in the cellular system of the lung, and to the mechanism of causation. The research data will also be applicable to an understanding of the total complex of respiratory disease in the general population and hopefully should contribute to a solution of one of the Nation's largest public health problems.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Training.....	10	\$152,000	15	\$226,000	+5	+\$74,000

An increase amounting to \$74,000 and 5 positions is requested to permit training of additional State assignees and other personnel required for State programs. The primary objectives of this training activity are to strengthen the competency and increase the trained man-power pool of State and local government agencies which represent a focal point for controlling occupational hazards in today's industry.

Short-term training was provided to 320 occupational health personnel in 1966. It is anticipated that 350 professional personnel will receive training in 1967. The additional funds requested in 1968 will support the training of 500 professional personnel. Of this number, 150 will receive broad based training which will enable them to undertake professional responsibilities and 350 will receive refresher training or courses in new and specialized techniques.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Technical assistance.....	68	\$825,000	83	\$983,000	+15	+\$158,000

The ultimate application of techniques for the control and prevention of occupational diseases is at the work place and can be carried out most effectively by State and local agencies. That the States are unable to fulfill their responsibilities in this field is apparent. Of the 45 States which have identifiable occupational health programs, 12 have programs which could be considered adequate. The necessary work in occupational disease control at the operating level cannot be carried out without an effective Federal assistance program. For this purpose, funds are requested in 1968 to permit the assignment of technical personnel to the States to initiate and strengthen State and local programs as quickly as possible.

A part of this program consists of responding to requests from State and local health agencies, industry, and labor for field technical assistance. At the beginning of 1967, there was a significant backlog of these requests, examples of which include: studies of illness due to use of formaldehyde in the garment industry, investigations of deaths caused by improper use of silver solder containing cadmium, and studies of illnesses resulting from the presence of mercury in newly opened mines. During 1968, teams of experts will be provided to assist in the rapid solution of some of the more critical problems and occupational health personnel will be assigned to field facilities to provide day-to-day assistance to local and State governmental organizations.

An increase of 15 positions and \$158,000 will provide the support necessary to stimulate the initiation of State occupational health programs, and for increased consultation to States, local agencies and industrial and labor groups.

INJURY CONTROL

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Research.....	85	\$1,746,000	87	\$2,053,000	+2	+\$307,000
Training.....	13	185,000	13	190,000		+5,000
Technical assistance.....	70	943,000	70	1,007,000		+64,000
Total.....	168	2,874,000	170	3,250,000	+2	+376,000

Summary of program—Continued

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Research.....	85	\$1,746,000	87	\$2,053,000	+2	+\$307,000

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
(a) Prevention and control.....	50	\$1,305,000	50	\$1,372,000		+\$67,000

The injury control program's research activities are concerned with finding effective injury control measures and determining feasible and appropriate methods of applying these measures. They are directed primarily toward an examination of the physical, physiological, and psychological characteristics of man in relation to his activities and behavior which may cause injury to himself or others. This program of directed research, conducted intramurally and through contracts, provides technical information to support operational programs by the Federal, State and local government agencies.

Burns, fractures, poisoning, suffocation, shock, and piercing injuries resulting in disfigurement, disability, and death—particularly in and around the home—will be given increased attention. Current research is assessing the relationship between bone weakening and falls. Contractual studies are now being planned to determine ways of maintaining bone strength during the aging process, how walking changes as age increases and the extent to which an individual's physical and mental capability deteriorates. From these studies it is anticipated that either preventive or control measures to lower the accident rate from falls involving the age will be developed.

Preventive or control measures that have been developed or evolved from similar investigation include: efforts to reduce glass door injuries through industrial production of improved glass, improvements in the design and operation of lawnmowers, and the movement toward use of flame retardant fabrics.

In 1968, preliminary work will include appraising and planning studies on injuries and deaths resulting from improper use or installation of home utilities and mechanical equipment, injuries associated with the use of regular household appliances and equipment, and injuries related to unsafe acts of human behavior.

In order to reduce injuries and deaths associated with automobile accidents it is necessary to have a knowledge of how people drive and walk and under what conditions these actions become more hazardous. The phenomenon of motor vehicle accidents cannot be fully understood without considering them in the context of routine driving behavior and basic and applied research must include the study of normal as well as abnormal patterns of behavior. During 1968 research will be conducted both in laboratory and selected field situations for the purpose of developing equipment to simulate the traffic environment of the driver and duplicating situations of stress which might involve danger of accidents. Such a driver-environment simulator is also useful to determine the effects of alcohol, fatigue and other factors of driver behavior. The \$67,000 increase represents prior year annualization costs.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
(b) Epidemiology.....	35	\$441,000	37	\$681,000	+2	+\$240,000

The major objectives of the epidemiology program are to develop definitive information on the causes and circumstances of injuries and indicate specific problems in injury prevention which require additional research. The study of falls and fractures among older people was instrumental in initiating the current research work being conducted on the influence of bone thinning on fractures among elderly women. During 1968, studies of injuries requiring hospitalization, such as burns and various kinds of falls, will be continued in cooperation with teaching hospitals and State health departments.

The five man surveillance teams, established in 1966 and 1967 in Denver and Boston, will continue to carry out in-depth interviews regarding the circumstances surrounding accidental injuries and deaths. They will continue gathering information on injuries and deaths from fire, explosions, miscellaneous burns, drownings, traffic accidents and other types of accidents. This information which will be coordinated with other groups concerned with the collection of vital statistics and health data including the National Center for Health Statistics, will provide useful clues to causation which can give more specific direction in the area of prevention and control research.

New studies will be conducted to determine the relationship between injuries and the extent of final recovery to the quality, quantity, and initial source of treatment rendered. This will be accomplished through investigations of (1) present inadequacies of emergency care for the injured; (2) relationships between suspected environmental, psychological, medical, and emergency treatment factors and the incidence, severity, and outcome of injuries; and (3) demonstrations of the effects of improved emergency medical services.

An increase of \$240,000 is requested to conduct these studies.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Training.....	13	\$185,000	13	\$190,000	-----	+\$5,000

The injury control training program for State and local public health personnel provides training in injury control and prevention techniques, recommends methods for improving and expanding community training resources, and provides audio-visual aids in the form of exhibits, brochures, films and radio and television materials on various aspects of the injury control program.

During 1968, regional seminars, intensive short courses and injury control workshop training programs will be continued. Efforts will be directed toward improving the quality of the curricula being offered, and thereby up-grade the accident prevention skills among community public health personnel. These training programs have been very successful to date as evidenced by the steadily increasing number of applications and requests for the addition of new courses to broaden and expand the area of competency by State and community personnel.

Greater attention will be given to emergency and medical service training through intensive short-course instruction and by assisting State and community training programs to initiate, up-grade and expand their own emergency and medical service training programs. An amount of \$5,000 is requested for annualization costs.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Technical assistance.....	70	\$943,000	70	\$1,007,000	-----	+\$64,000

Technical assistance efforts provide professional guidance and experience to State and local health departments to: (1) plan and develop the injury control part of comprehensive health programs for States; (2) minimize the consequences of accidental injuries; (3) assist States to evaluate, plan, and up-grade their requirements for emergency medical services to the injured; (4) reduce injuries

from poisoning, especially in the case of poison ingestion by children; and (5) refer through liaison activities with other Public Health Service programs, the needs in medical care activities not coming within the responsibilities of the injury control program.

Support of State and local injury control programs is provided through demonstration projects, assignment of personnel, and provision of surveillance and research findings. During 1968, the latest available information and techniques designed to prevent and control deaths and injuries resulting from accidents will continue to be provided. These consist of developing appropriate protection controls, providing public education and other measures designed to prevent injury, especially those developments directed at protecting children, the disabled and the elderly. Work will continue on the development and promotion of model injury control programs that can be provided to States for incorporation in their comprehensive health plans. One of the major efforts during 1968 will be to continue to provide assistance to States and communities in evaluating, up-grading, and improving their emergency medical services to the injured. This will insure that communities have available a coordinated system which will provide: (1) on-site emergency care; (2) safe and expeditious transportation; and (3) follow-up medical care in hospital emergency units. Poison prevention activities associated with "National Poison Prevention Week" will continue to be supported through wider use of radio, television, and press facilities for greater nationwide coverage. New materials will be provided in year-round educational programs related to the prevention of accidental poisonings. An increase of \$64,000 is requested for annualization costs.

FOOD AND WATER QUALITY

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Research.....	204	\$2,350,000	214	\$2,542,000	+10	+\$192,000
Training.....	13	234,000	13	234,000		
Technical assistance.....	41	484,000	45	544,000	+4	+60,000
Certification and regulation.....	122	1,406,000	122	1,406,000		
Total.....	380	4,474,000	394	4,726,000	+14	+252,000

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Research.....	204	\$2,350,000	214	\$2,542,000	+10	+\$192,000

In 1968, the food research program will continue its emphasis on the development of new technical information that can be applied to reduce the incidence of foodborne diseases such as salmonellosis, staphylococcal food poisoning, botulism, and virus infections. These efforts include those directed at shellfish sanitation for the provision of continued scientific data required to prevent transmission of disease agents through marine foods. Particular attention will be given to improve methods for detecting and minimizing contamination in milk, prepared foods, and new or modified products that are potential vehicles for the transmission to man of hazardous microbiological and chemical agents. Laboratory, pilot plant, and field studies will be directed toward investigation of (1) cultural, serological, and biochemical methods for quantitative estimations of toxins, pathogenic microorganisms, and indicators of unsanitary food practices; (2) environmental factors that influence the occurrence, distribution, persistence, and development of microorganisms or toxins in selected foods; (3) hydrodynamics and kinetics of microbial inactivation by heat, radiation, or other techniques that may determine the public health safety of food processing; (4) effects of man-made contaminants, both chemical and microbiological, on the sanitary quality of shellfish and other marine foods; (5) public health aspects of naturally occurring marine toxins including Type E botulism,

Ciguatera-like materials from the Gulf of Mexico, and Gonyaulax toxins in the Pacific Northwest and Alaska; and (6) effects of new or modified production, harvesting, depuration, processing and distributional practices on the final sanitary quality of shellfish.

The Reorganization Plan transferring the Federal Water Pollution Control Administration to the Department of Interior provided that certain functions would remain with the Department of Health, Education, and Welfare. These functions were delineated in an agreement signed by the Secretaries of the Departments of Interior and Health, Education, and Welfare on August 8, 1966, and approved by the President September 1, 1966. To implement the agreement, and to amplify the current inadequate water supply research activities, an increase of 10 positions and \$192,000 is requested. The research program on water supply consists of the development of methods for detecting organic chemicals and trace elements in drinking water and techniques for recovering viruses from finished drinking water. Studies are also being conducted on the effect of recreational use of watersheds upon drinking water quality. This program will provide research on the health effects of waterborne contaminants on man, e.g. epidemiological studies of health hazards associated with drinking water. The reliability of current procedures for disinfecting pathogenic protozoa, bacteria and viruses in water purification plants, and the determination of the characteristics of natural treatment of wastes discharged to ground water sources will also be investigated.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Training.....	13	\$234,000	13	\$234,000	-----	-----

Training courses are conducted for scientists, engineers, and other professional people in the fields of food protection, milk sanitation, sanitation aboard interstate carriers, shellfish sanitation, and other program areas. These courses provide effective means to consider, appraise, and practice the application of the latest techniques in the subject areas. Laboratory and field practice gives an opportunity to acquire proficiency in new techniques under the guidance of experts. These courses are held at facilities in Cincinnati, at shellfish research centers, and through the regional offices at field locations.

During 1967, 25 course sessions will be given in which approximately 1,300 trainees will receive advanced technical training in microbiological and chemical analysis of milk and food products as well as in new administrative and surveillance procedures in milk and food protection. In 1968, approximately 1,400 persons will attend courses such as methods and practices for State milk laboratory survey officers, administrative aspects of food protection, hospital food protection, and milk pasteurization controls and tests.

Also during 1967, about 125 professionals, responsible for the operation and administration of shellfish sanitation programs, will receive training in public health practices aimed at assuring the sanitary quality of shellfish. Approximately 160 airline and railroad personnel will attend orientation courses in the applied procedures in milk and food protection required aboard interstate carriers. Apparently the same numbers of persons will receive this training in 1968.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Technical assistance.....	41	\$484,000	45	\$544,000	+4	+\$60,000

The methods used for providing technical assistance to food and shellfish protection programs are: (1) standards development through preparation of technical manuals of practice, ordinance, codes, and criteria for application by State

and local governmental agencies and industry and; (2) technical assistance by consultation, surveys and demonstrations, investigations, and related collaborative activities.

The successful results of these methods for providing technical assistance are borne out by the public health effectiveness of various program activities. These include efforts such as standards development for fluid milk and the vending of foods and beverages for which associated illnesses have been virtually eliminated. Foodborne illness is preventable, yet many outbreaks of such illnesses continue to be reported annually. The reported incidence of salmonellosis alone increased more than thirtyfold between 1950 and 1964. A significant reduction in foodborne illness can be achieved through more effective application of currently available knowledge of public health protection measures. Epidemiological investigations continue to identify or associate specific foods and food processes with the transmission of certain diseases, such as salmonellosis with egg products, dry milk, and smoked fish; and botulism with smoked fish. In recent years, there has been a substantive increase in the complexity and numbers of technical problems encountered in providing effective public health controls for production and marketing of shellfish of satisfactory sanitary quality. During 1968 public health standards and criteria will continue to be developed to reduce and eliminate health hazards associated with certain foods, food processes and shellfish. Technical and consultative assistance will be provided to State, local, and Federal agencies in the implementation and maintenance of programs and communication of new ideas and research findings on the quality of foods and shellfish.

Under the terms of the agreement between the Departments of Interior and Health, Education, and Welfare, and to enable the Surgeon General to properly discharge his legally assigned duties in the field of water supply activities, a program of technical assistance will be initiated which will provide: (1) Department of Health, Education, and Welfare representation on 29 Interagency Water Resource Development Committees to assure consideration of health aspects in the planning and conduct of river basin framework studies; and (2) technical assistance to the Department of Interior on health related problems in conjunction with the 13 Federal Water Pollution Control Administration comprehensive program studies, construction grant projects, discharges from Federal installations which may contain substances in concentrations which are hazardous to health, and water pollution caused by the operation of vessels. An increase of \$60,000 and 4 positions is requested for this activity.

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Certification and regulation.....	122	\$1, 406, 000	122	\$1, 406, 000		

The Cooperative State-PHS Program for the Certification of Interstate Milk Shippers will continue to provide receiving jurisdictions with needed data on the sanitary quality of milk from out-of-State sources. Milk is a highly perishable product and requires a type of surveillance which is neither physically nor economically practical by the Federal Government alone. As this is a voluntary program, success is largely dependent upon certification of personnel and the evaluation, standardization, and certification of State and local control programs by the Federal Government.

Technical audit of State control programs by the Public Health Service is the keystone of the National Shellfish Sanitation Program. In making these audits the Public Health Service inspects 860 shippers or packers; evaluates complex sanitary engineering and oceanographic surveys of 447 growing areas covering 8.2 million acres in 21 States; evaluates marine patrol of 445 polluted areas covering 2.0 million acres in 21 States, and evaluates laboratory procedures used in these States. Surveillance and monitoring activities provide for sanitary control of shellfish resources on the Federally-controlled continental shelf (35% of total U.S. production).

Under the provision of the Interstate Quarantine Regulations, inspections and surveillance are conducted of the Food and drinking water served aboard interstate public conveyances, together with review and approval of the sanitary

aspects of the design, construction, and operation of water and food supply equipment and of waste disposal facilities. Responsibility for certification of interstate carrier water supplies involves annual sanitary engineering inspections and evaluation of approximately 760 public water supply systems. Complete surveys are made by Public Health Service personnel of the source, treatment processes, storage, distribution system, and supporting laboratory services on triennial basis in company with representatives of State Health Departments and local water purveyors. These programs are of direct benefit to 2 million travelers daily on interstate carriers and of indirect benefit to the millions of persons who come into daily contact with these travelers.

Certification and regulatory activities will be continued at the same level during 1968.

ARCTIC HEALTH RESEARCH

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Research.....	72	\$1, 113, 000	72	\$1, 333, 000	-----	+\$220, 000

The Arctic Health Research Laboratory is conducting an organized program of scientific investigations into problems affecting human health in arctic and cold weather climates. Major fields of investigation include nutrition and metabolic disease, environmental sanitation, epidemiology, zoonotic disease, entomology and physiology. Specific projects developed within each of these fields are gradually acquiring, through field and laboratory investigations, the scientific data needed to delineate existing health hazards and to devise ways of overcoming them. The Arctic Health Research Laboratory will move from Anchorage, its current location, to a new facility at College, near Fairbanks, during 1967.

During 1968, programs in epidemiology, entomology, zoonotic disease, nutrition, and metabolic disease will be continued at the new facility. The laboratory will continue epidemiological projects to study otitis media and its relation to hearing loss, and the ecology of respiratory viruses. Long-term investigations are still underway to identify zoonotic disease and metazoan parasites of man and animals. Physiological studies initiated in 1966 will be continued in 1968. These studies are yielding significant findings pertaining to neuromuscular function and its dependence on skin temperature. Work will continue on housing studies, solid waste disposal, and community planning studies.

The increase of \$220,000 will provide the funds necessary for full year operational and maintenance costs of the new facility.

SPECIAL ENVIRONMENTAL HAZARDS

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Training.....	6	\$98, 000	6	\$100, 000	-----	+\$2, 000
Technical assistance.....	31	499, 000	31	519, 000	-----	+20, 000
Total.....	37	597, 000	37	619, 000	-----	+22, 000

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Training.....	6	\$98, 000	6	\$100, 000	-----	+\$2, 000

Specially designed technical courses in urban planning for environmental health are oriented to the interests of such specialized personnel as sanitarians, planners, community health officers, and other groups. Trainees are taught to identify community environmental health problems and to evaluate approaches to solutions. In some instances, the trainees plan and conduct an environmental health survey in the host community and prepare reports for class presentation and discussion. Based on their findings, they make recommendations and propose programs of implementation for the host community. In 1966 training was provided to 1,550 trainees through 19 courses, consisting of short-term training, demonstration projects, regional seminars, and conferences on environmental health planning called by governors of certain States. In 1968 as estimated 1,600 personnel will attend these courses and seminars given at various locations throughout the country. The increase of \$2,000 is the annualization cost of the 1967 program.

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Technical assistance.....	31	\$499,000	31	\$519,000	-----	+\$20,000

The primary goal for the technical assistance program is to provide consultation and to assist State and local health and planning groups in assuring that environmental health elements are adequately recognized and incorporated in comprehensive community plans. Securing and maintaining an acceptable level of environmental health for community protection requires careful planning and follow-through. In particular, long-range projections of environmental health needs are necessary in order to anticipate and make plans for meeting the future demands created by population growth and urban expansion. During 1968, emphasis will continue to be placed on the development of health criteria for housing and residential environments, including assistance to local officials in the development and administration of codes for healthful housing. There is a great need in this area since only a small portion of our population is protected by adequate housing codes.

Coordination of program planning will continue to be maintained with related activities of the American Public Health Association, the National Association of Housing and Redevelopment Officials, and the Department of Housing and Urban Development. Technical assistance and consultation will also be rendered to local, State, and Federal agencies in important health services, including individual water supply and sewage disposal systems, plumbing, institutional and recreational sanitation, swimming pool sanitation, and mobile park sanitation.

The tremendous and continuing population growth on both sides of the U.S.-Mexico border requires appropriate sanitation measures to meet potential and actual public health hazards. Since the initiation in 1966 of comprehensive environmental health sanitation studies along the U.S.-Mexico border, considerable progress has been made through demonstrations and training sessions. In 1968, demonstrations will continue to be directed at food protection and general sanitation. Monthly training sessions will include personnel from both sides of the Border. Another assistance activity will provide for the improvement of labor camps on both sides of the Border.

The \$20,000 will provide annualization costs for the new positions authorized in 1967.

1382 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

New positions requested, fiscal year 1968

	Grade	Number	Annual salary
Direct operations:			
Biologists.....	GS-15	2	\$35,100
Chemist.....	GS-15	1	17,550
Engineers.....	GS-15	3	52,650
Medical officer.....	GS-15	1	17,550
Statistician.....	GS-15	1	18,764
Agronomist.....	GS-14	1	15,106
Bacteriologist.....	GS-14	1	15,106
Biologist.....	GS-14	1	15,106
Engineers.....	GS-14	2	30,212
Medical officers.....	GS-14	2	30,212
Physiologist.....	GS-14	1	15,106
Toxicologist.....	GS-14	1	15,106
Economic adviser.....	GS-13	1	12,873
Industrial hygienist.....	GS-13	1	12,873
Microbiologist.....	GS-13	1	12,873
Public health program specialists.....	GS-13	3	38,619
Statistician.....	GS-13	1	12,873
Industrial hygienist.....	GS-13	1	10,927
Medical officer.....	GS-12	1	13,201
Public health program specialist.....	GS-12	1	10,927
Chemists.....	GS-11	3	28,293
Engineer.....	GS-11	1	9,221
Physicist.....	GS-11	1	9,221
Public health adviser.....	GS-11	1	9,221
Public health program specialist.....	GS-11	1	9,221
Statistician.....	GS-11	1	9,221
Toxicologist.....	GS-11	1	9,221
Chemists.....	GS-9	5	40,829
Engineer.....	GS-9	1	7,696
Physiologist.....	GS-9	1	7,696
Statistician.....	GS-9	1	7,696
Technicians.....	GS-9	7	53,872
Chemists.....	GS-7	2	15,458
Physiologists.....	GS-7	3	19,353
Technicians.....	GS-7	6	38,706
Clerks.....	GS-5	2	10,662
Secretaries.....	GS-5	2	10,662
Statistician.....	GS-5	1	5,331
Technicians.....	GS-5	5	26,655
Clerks.....	GS-4	7	33,432
Secretaries.....	GS-4	3	14,328
Technicians.....	GS-4	2	9,552
Clerks.....	GS-3	2	8,538
Commissioned officers:			
Director grade.....		3	39,359
Senior grade.....		9	103,703
Full grade.....		10	91,457
Senior assistant grade.....		3	20,721
Assistant grade.....		2	12,514
Total new positions.....		113	1,064,573

NATIONAL CENTER FOR URBAN AND INDUSTRIAL HEALTH

Senator HILL. We will now consider the National Center for Urban and Industrial Health. We are glad to have you here and you can proceed in your own way, sir.

Mr. SVORE. Mr. Chairman and members of the committee, I welcome this opportunity to present to you briefly some of the basic ideas and concepts with which we are working in the development of the new National Center for Urban and Industrial Health. Dr. Prindle has touched on the purposes to be served by the recent reorganization of the Bureau which he directs; I will accordingly try to outline for you how the National Center for Urban and Industrial Health intends to launch its segment of the overall program of the Bureau of Disease Prevention and Environmental Control.

URBANIZATION AND INDUSTRIALIZATION

Two factors are repeatedly and justifiably cited for their profound influence on the health and welfare of the American people. They are urbanization and industrialization. Those of us in the public health professions have recognized that the headlong rush toward greater urban concentrations and the increasing pace of technological innovation and application cannot fail to have a very important, perhaps critical, effect on the health of many millions of people throughout the country. As yet, I must say in all frankness, our knowledge of the health impact of urban living in a highly industrialized nation is perilously inadequate. We cannot afford this kind of ignorance, for it may mean that we are jeopardizing in advance the health of future generations by our failure to explore, identify, and correct health hazards in the environment which are of man's making and subject to his control.

ELIMINATION OF HEALTH HAZARDS OF URBAN LIFE

The program of the National Center for Urban and Industrial Health is designed to lead us toward some of the solutions to health problems which our way of living creates. It is designed to concentrate knowledge and resources toward the elimination of health hazards of urban life in all its complexities; to insure the safety of food and water consumption, a healthful working environment, community sanitation, and the nucleus from which a broad-scale attack can be launched against an almost endless array of factors and conditions that impinge on and influence the quality of life and health in our society.

Senator HILL. If I might interrupt you, I was reading an article in one of the medical magazines the other day, which raised a question as to whether the antibiotics which are fed our chickens now may not be harmful to the human body.

Mr. SVORE. This is a good example of what we have in mind.

Senator HILL. I know one thing, I think it has affected the taste of the chicken. In the old days the chickens came off the farm; you put them in a chicken coop in your backyard, and then when you wanted to have chicken for dinner, or what we called supper, you went out in the morning and wrung that chicken's neck, and you soured him in hot water and you picked, and cleaned his insides out, and you had good chicken.

Mr. SVORE. I have done that, sir.

Senator HILL. But today you don't do it that way at all. You buy them not so much as a broiler, but as to how much he weighs, isn't that right?

Mr. SVORE. That is right.

Senator HILL. And you feed him these antibiotics so he will grow larger, and therefore it costs you less to raise him, is that right?

Mr. SVORE. That is correct.

FREEDOM FROM UNDESIRABLE ENVIRONMENTAL INFLUENCES

Our health concern here is not restrictive, in that we are not limiting ourselves to any one form or source of disease or injury. We are concerned with health as it manifests itself in freedom from undesirable environmental influences, whether they be insects and vermin spread by a city dump, or unrelenting noise in a factory or community.

COMBINING URBAN INDUSTRIALIZED HEALTH PROBLEMS

In forming the Center, we have pulled together a number of programs from within the Public Health Service—occupational health, injury control, solid wastes, environmental engineering, and food protection, and others—each of which is intimately involved in efforts to deal with health problems existing in the urban industrialized society in which we live.

In forging this new alinement, we have been guided by an awareness that the trends which bear most importantly on urban and industrial health are not now well understood, nor can they be mapped accurately to a logical end point. What we have attempted to do, therefore, is erect a base on which can be built a sound, integrated program for the acquisition and application of knowledge in a constantly changing sector of the total health arena. We have tried to plan for flexibility, as opposed to rigidity. We recognize, for example, that concern for health in urban communities cannot disregard the fact that the health of people in rural areas is very much influenced by the health needs and health hazards of cities.

The support of Congress, including passage of major legislation such as the Solid Waste Disposal Act of 1965, has given us the means for progress toward resolving problems of urban and industrial health.

GOAL OF ENVIRONMENTAL DISEASE AND INJURY HAZARDS UNDERSTANDING AND ELIMINATION

Our goal is improved health and safety through better understanding and elimination of environmental disease and injury hazards. Let me cite a few examples of progress toward this goal in 1967.

JOHNSON CITY, TENN., DEMONSTRATION COMPOSTING PROJECT

During this fiscal year we began operations at the Johnson City, Tenn., demonstration composting project. In cooperation with the Tennessee Valley Authority, we are investigating the feasibility of composting all the municipal refuse and untreated sewage sludge generated by this community, converting it into a material that can safely be used as an organic soil conditioner.

Senator HILL. That would be interesting, would it not?

Mr. SVORE. That is right. We are ready to start this project.

NITRATE PRODUCTION

Senator HILL. You know how the TVA had its genesis. Congress passed the National Defense Act of 1916, and saw the war clouds of World War I coming closer and closer to our shores. They put in that act of 1916, section 124, which authorized the President of the United States to build two nitrate plants, and take the nitrates out of the air. They said that those plants should be used for defense in time of war, and for agriculture in time of peace.

Now you have another way to help this agricultural problem.

Mr. SVORE. We have a supplementary thing to what they are doing.

Senator HILL. It is most interesting, and it will show you the progress that has been made, in taking nitrogen from the air. Do you know where the first naval battle of World War I was fought? It wasn't fought up in the Atlantic Ocean near Europe or in the Mediterranean, or some place like that. It was fought off the coast of Chile. Germany had sent merchant ships down there to bring in Chilean nitrate, and those German merchant ships were accompanied by German ships of war, and the British intercepted them, and they fought the first naval battle down off the coast of Chile.

SOLID WASTE PLANNING GRANTS

Mr. SVORE. We have awarded so far this year solid waste planning grants to 13 States, which brings to 25 the number of States that are beginning to bring their solid waste problems under control through the development of sound, health-oriented management programs.

MORGANTOWN, W. VA., RESPIRATORY DISEASE LABORATORY

We established at Morgantown, W. Va., a laboratory for the intensive study of various respiratory diseases associated with coal mining and other industrial activities. The Morgantown laboratory forms the nucleus of a more extensive and broadly oriented facility which we plan to operate as a field station of the National Center for Urban and Industrial Health.

PROVIDENCE, R.I., DRIVER RESEARCH LABORATORY

We opened a Driver Research Laboratory at Providence, R.I., where we are now carrying out simulation studies of both human and engineering factors involved in the causation of traffic accidents and the associated risk to the people involved.

MILK AND FOOD SANITATION STANDARDS

We assisted in achieving an unprecedented level of protection from disease hazards in fluid milk and in food and beverages served to the public, including those sold in vending machines thanks to the application by States of sanitation standards developed and promulgated under the milk and food program.

Senator HILL. When did you develop this program?

Mr. SVORE. In the milk and food standard ordinances, which have been in effect a number of years. They are amended as progress is made, and different types of food handling processes are developed. At such time there are necessary changes made in the ordinance. We are in the process of recommending changes in the milk ordinance right now, to include some of the problems of dried milk.

MAJOR PROGRAM OBJECTIVES

Turning to 1968, we intend to accomplish the following major program objectives:

Demonstration of several promising new techniques for the handling of solid wastes, including innovative principles of incineration, compaction, and biodegradation.

Exhaustive evaluation of the health implications of new solid waste handling techniques at our new Cincinnati field laboratory and in other direct and grant-supported projects.

Increased research attention to the physiological effects of urban crowding, noise, climatic conditions, and other stress factors which jeopardize public health and welfare.

Epidemiological studies to determine the relationship between the handling and care of accident injury victims and the likelihood of satisfactory recovery.

Studies that will lead to improved understanding of the asbestos and beryllium hazards that exist in industry and in the total community environment.

There are food research studies which will lead to the elimination of food poisoning and virus infections.

Execution of the Department's responsibilities in the area of water quality, as spelled out in Reorganization Plan No. 2 of 1966 requiring the Department to continue its role in relation to the health hazards of water pollution.

The challenges implicit in the concept of urban and industrial health protection and injury control can be met only if we succeed in bringing together into a meaningful whole the wide range of programs and activities that have attempted, often with marked success, to deal with parts of this overall problem. For instance, our Arctic Health Research Laboratory at College, Alaska, need not and will not be the

focus of an isolated program concerned only with a small part of the total urban health picture. Millions of Americans now live and work in areas where extremes of climate are a significant factor in their personal and community health problems. The knowledge we can gain in this field will be of great importance in such areas as occupational health, injury control, and solid waste disposal.

APPROPRIATIONS FOR 1967, AND 1968 BUDGET REQUEST

We feel that solutions for the health problems being created and aggravated by our urban and industrial society must grow out of a comprehensive recognition of, and attack on, these problems. In order to carry out this attack, we are requesting a total of \$42,594,000 for 1968, an increase of \$7,206,000 over the present budget. We are building one program out of many; this is a demanding challenge for which we request your support. But the greater challenge—the protection of the health of the American people—demands that a broader effort be made without delay.

If I can answer any questions on these general remarks or on the budget information that is before you, I will be pleased to do so.

BUREAU OF THE BUDGET REDUCTION

Senator HILL. Did the Budget Bureau allow you the full amount authorized?

Mr. SVORE. No, they did not.

Mr. BERSANO. The total reduction was \$17,637,000.

Senator HILL. Now, you asked the Department for \$61,600,000. The Department allowed you \$60,231,000, and the Bureau of the Budget cut you down \$17,637,000, is that right?

Mr. BERSANO. Yes.

Senator HILL. What reason did they give for that? It is a rather severe reduction.

INJURY CONTROL

Mr. SVORE. These reductions were primarily in the area of injury control and—

Senator HILL. You mean they don't read the paper and see everyday there has been an accident of some kind?

WATER SUPPLY

Mr. SVORE. Also in the area of water supply there was a reduction from that which we had requested to enable us to comply with our responsibilities under Reorganization Plan No. 2 of 1966, which transferred water pollution from HEW over to the Department of the Interior. The total reduction in the water program was \$1,833,000.

WATER POLLUTION TRANSFER TO DEPARTMENT OF INTERIOR

Senator HILL. Now, would Interior get any part of that?

Mr. SVORE. When the transfer was made, all of the positions, the budget and personnel who were working in the field of water pollution, moved over to the Department of the Interior. However, there

still is a basic responsibility for the Public Health Service to take care of the health aspects of water pollution, plus our continuing responsibility in the water resource field in connection with the various river commissions, and the various river basin studies that are going on.

WATER CONTROL PROGRAM—STATE COOPERATION

Senator HILL. How do you find the States' cooperation in the water pollution control programs?

Mr. SVORE. We have had, and do have, excellent cooperation, not only in the water program, but also in the milk and food programs. These are cooperative efforts between us and the States in the control of food and milk in interstate commerce. In fact, they extend to all of the projects that we are responsible for in this center. They are all joint efforts with the States, and we have found the States to be very cooperative.

SLOWDOWN OF PROGRAM ACTIVITIES

Senator HILL. Do you think this reduction of \$17,637,000 is going to be very harmful?

Mr. SVORE. It will, of course, make it necessary for us to lengthen out our operations in place of getting started on these problems at this time.

Senator HILL. The programs that you have outlined will be slowed down; is that right?

Mr. SVORE. That is right.

Senator HILL. It will slow down your attacks on the enemy; can you put it that way?

Mr. SVORE. That is correct. We won't be able to attack at the rate we had anticipated.

Senator HILL. And as you felt was needed; is that right?

Mr. SVORE. This is correct. From our standpoint this is the way we see it.

Senator HILL. Is there anything you wish to add, Dr. Prindle?

URBAN INDUSTRIAL SOCIETY POTENTIAL BENEFITS

Dr. PRINDLE. I don't think so, except a little bit in the way of philosophy. I think that the organization of this Center has great potential implications for the future. We have assembled in this organizational entity a number of programs which are directly related to some of the most urgent environmental problems of our time—related to urbanization and the increasing industrialization in our society. The planning of urban health matters has great significance for what will come in the future, and unless we pay adequate attention to these problems, we are going to get deeper and deeper into trouble.

I think therefore that the potentials for benefit to the American people that may come from the work to be conducted by this Center are very great. It has only been organized now, as you know, for a very short period of time. In my view, over the next several years, its potentialities will become more and more evident.

Senator HILL. Is there anything else you would like to add?

PROBLEM AGGRAVATION BY CONCENTRATION OF PEOPLE

Dr. PRINDLE. In the development of urbanized civilization our problems are going to get more and more acute as time goes on. I think that, as stated earlier with respect to air pollution, and as you pointed out, we were slow in getting started. I would hope that this Center, which will take time to get started and get organized because it has been a conglomeration of a series of small programs, can become a unified center that will provide the major thrust toward these problems of modern urban living.

I think that we have a real potential here for developing something exciting and useful.

I think the problem that is facing us in many of these areas, whether it is traffic accidents or injury control within the city, or disposal of solid wastes in that same community, are problems that are made much more acute by the concentration of people. They are not often different problems. They are problems that are just increased multifold by this concentration of people. In many of the cases our approach is going to have to be an approach that relates to the organization and management of the community facilities, resources, personnel, and finances.

PARTNERSHIP WITH PEOPLE AT GRASS ROOTS

Much of the research and activity that I think we will be taking on in this Center will be less concerned with some of the fundamental kinds of understanding of causation than it will be with respect to "how do we do things" and "how do we act on these problems" that are facing the local leaders of the community today.

Our hope is that this center can be one of the major contacts and focal points between the Public Health Service and the local people with their grassroots problems.

Senator HILL. In other words, you want to build this teamwork which is so important?

Dr. PRINDLE. We talk very glibly about a partnership, and I hope this will be a demonstration of it.

Senator HILL. In order to have the right kind of partnership, you have to be prepared to do your part and have the wherewithal to do it, isn't that right?

Dr. PRINDLE. That is right.

NARRAGANSETT, R.I., SHELLFISH RESEARCH FACILITY

Senator HILL. May I ask you this question: Last year the Senate added funds for an addition to the shellfish research facilities at Narragansett, R.I. What is the status of that project at the present time?

Mr. SVORE. We have 55 people working there at this time.

Dr. PRINDLE. The estimated construction schedule was to go forward in August with the addition. We have now approved the sketches and are working on a tentative submittal for the final architectural engineering program on this. This will then eventually house a staff totaling 90 people to carry on these activities.

Mr. BERSANO. The planning for that facility is estimated to be completed in August of 1967.

Senator HILL. Then you think that you will start your construction pretty soon?

Mr. BERSANO. It will be completed in 1969. It will be initiated in November of 1967.

Senator HILL. What time in 1969 do you estimate that you will finish?

Mr. BERSANO. In March of 1969.

Senator HILL. And you start this coming November, is that right?

Mr. BERSANO. Yes, sir.

Senator HILL. And you finance your plans in August and start construction in November?

Mr. BERSANO. Yes.

DAUPHIN ISLAND, ALA., LABORATORY

Senator HILL. How is your laboratory down on Dauphin Island, in Alabama?

Mr. SVORE. I have visited that laboratory and we have had some excellent work going on there in connection with shellfish and the health aspects of shellfish and the effectiveness of maintaining this proper condition as a food product. They also have in the past down there done considerable work in the area of pesticides and their relation to seafoods.

Senator HILL. It has been enlightening and you feel you have gotten good results?

Mr. SVORE. Very much so, and we have found that the shellfish and oysters have a facility of concentrating the pesticide within their body to a level many times that which is found in their environment. It is recognized that this is an important aspect of shellfish growing.

ARCTIC HEALTH RESEARCH CENTER

Senator HILL. Senator Bartlett of Alaska is a member of this subcommittee, but he is tied up today in hearings on the maritime matters, sailing on the water rather than drinking the water.

He was interested in these questions: How much money was budgeted for the Arctic Health Research Center, Arctic health program in fiscal 1967?

Mr. BERSANO. \$1,113,000.

Senator HILL. How much for this program is included in the fiscal 1968?

Mr. BERSANO. \$1,333,000.

BUREAU OF THE BUDGET REDUCTION

Senator HILL. The Bureau of the Budget cut you down some, in your request.

Mr. SVORE. From the \$1,774,000, which was the request to the Bureau of the Budget for the Arctic health research.

Senator HILL. They allowed you \$1,333,000?

Mr. SVORE. Yes, sir.

Senator HILL. They cut you down \$441,000?

Mr. SVORE. Yes, sir.

Senator HILL. What will be the effect of that reduction?

Mr. SVORE. The facility in Fairbanks will be completed in June——
 Senator HILL. Is that the coming June?

Mr. SVORE. Yes; this coming June, and we will begin moving over into the new facility immediately thereafter. The additional \$220,000 that has been granted this year will be used for operational and maintenance costs for the new laboratory. This does not permit an increase in the activities at the facility. This laboratory, as you know, is built in conjunction with the Federal water pollution control laboratory, but we are the operating agency of the entire facility and we have a major interest in it. However, this budget will permit us to operate only at the same level as we have in the past.

PERSONNEL

Senator HILL. Now, the \$441,000 will deny you some 30 additional personnel; is that right?

Mr. SVORE. That is correct. We will maintain a level there of 72 positions, under the present budget estimate.

Senator HILL. You requested an additional 30, did you not?

Mr. SVORE. Yes, sir.

Senator HILL. And do you feel the need for an additional 30?

INNER EAR INFECTION RESEARCH

Mr. SVORE. Yes, there are some very important things that the laboratory is doing up there, sir. Some of the work that they have done has been in connection with otitis media, which is an infection of the inner ear, and also with the work that was described by Dr. Sencer in connection with the tuberculosis.

SEWAGE TREATMENT RESEARCH

This laboratory did some of the original work in sewage treatment with a new method of treatment, sewage lagoons, under some very, very cold conditions. The problem was to determine whether or not one could aerate sewage under these climatic conditions and still provide treatment to sewage. This research was very successful. We do have a problem there of drinking water of suitable quality, particularly from permafrost.

MUSCLE RELAXANT RESEARCH

I might mention one rather interesting bit of research which was done, in connection with one type of muscle relaxant, curare. This is used in operations. A serum component called pseudo-cholinesterase in the blood, neutralizes this when the person comes out of the anesthetic.

Well, there had been only two or three cases in history where the individual does not have this serum component in his blood. Then in Alaska we found 19 such cases in one small area of the State. We intend to continue this work, to see if we can determine how extensive this might be the Alaskan population.

HEARING LOSS RESEARCH

Dr. PRINDLE. I would like to point out, if I may, that this Alaskan facility looks like a peculiarity, when one attaches it to the urban area. The situation there offers us a chance to do what amounts almost to a laboratory type of study because of certain unique situations there that let us isolate and work on specific types of problems, somewhat unfettered by all of the things happening in an urban community. Mr. Svore mentioned otitis media as a case in point. There is very high incidence in the Eskimos and native Alaskans. It is something that concerns us very much not only as a disease itself, but as a way of studying some of the problems of hearing loss which we are concerned with in respect to noise and communities and urban areas in general.

PHYSIOLOGY AND METABOLISM STUDIES

Also, this offers us, because of the climate, a peculiar opportunity to do a number of physiologic studies relating to the general physiology and metabolism of people under these kinds of conditions and stresses. These programs, I think, have provided us in a beginning way with many underlying facts that can then be utilized by our more general Center program.

Mr. SVORE. If I may add, we are very fortunate in having some of the quality of professional people assigned to this laboratory that we have, in regard to that part of the country and the cold climates.

MOSQUITO INCIDENCE

Senator HILL. You don't have mosquitoes up there, do you?

Mr. SVORE. They do have mosquitoes up there.

Senator HILL. What breed do you have up there?

Mr. SVORE. I think that they are big ones. They must be to survive.

Senator HILL. I would think so.

Mr. SVORE. They are a nuisance mosquito.

Senator HILL. Years ago I used to hear the mosquito that was a vector of yellow fever, was called stegomyia. Now they have changed his name to aedes aegypti.

Mr. SVORE. The mosquitoes in Alaska are not yet known to be related to disease transmission, but they are a real nuisance.

Senator HILL. But they are not carriers of disease?

Mr. SVORE. No, so far as we know.

Senator HILL. That makes quite a difference, doesn't it?

Mr. SVORE. That is right.

BUDGET BUREAU REDUCTION

Senator HILL. You don't think the denial of these 30 additional people is going to be too harmful to your program?

Mr. SVORE. We think it is quite urgent that these problems should be studied at an early date. We feel that the solutions of the health problems are important to the development of Alaska.

Senator HILL. And certainly the work that has been done there in the past justifies your feeling, doesn't it?

Mr. SVORE. We have to balance this need off against the other needs, of course.

INJURY CONTROL SURVEILLANCE TEAMS

Senator HILL. Now, Senator Robert Byrd of West Virginia is a member of this subcommittee, but he is also tied up in another hearing and he could not be here. I have a statement with some questions that he wishes you to answer. I am quoting now from Senator Byrd:

I have been following some of the reports of the work being done through the basic Center for Urban and Industrial Health. I notice you have provision in your program dealing with surveillance teams. Now just how important are these teams to your program for injury control, where do they fit in, and do you have enough of these teams to accomplish the objectives for which the program was planned?

Mr. SVORE. In injury control we have two of those teams at the present time. One is in Boston, and one is in Denver. We have five individuals on each of these teams who are investigating all types of accidents to determine the causes and then to relate this epidemiological information to what can be done to prevent them. The original request for the injury control program would have increased the number of these teams by two and would have strengthened the two existing teams.

Senator HILL. That is what you contemplated?

Mr. SVORE. That is correct.

RELATING HEALTH EFFECTS TO ENVIRONMENTAL HAZARDS

Dr. PRINDLE. May I add here that this surveillance type of operation, although at the moment primarily aimed at injury control, is really the backbone of the operation of this kind of a center, just as the Epidemic Intelligence Service has been. Our major purpose for developing these teams is to find out quite literally what is actually happening to people under various conditions, and observe the kinds of injuries in this particular case that do occur, and when they do, so that we can begin to see what actions have to be taken. These, therefore, become a preliminary approach for trying to relate the health effects that are occurring to people from these environmental hazards, whether they are trauma, or chemicals, or whatever they might be.

CAPACITY

Senator HILL. Now, does the budget that you have here carry the capacity for expansion of your programs in 1968?

Mr. BERSANO. It is the same level for the surveillance teams discussed by Dr. Prindle.

Mr. SVORE. There will be two additional positions, for our epidemiology program.

Senator HILL. How much were you denied?

Mr. BERSANO. In the area of epidemiology and surveillance we were cut 51 positions and \$475,000.

Senator HILL. This provides for 51 positions. What is going to be the effect of this denial?

Mr. SVORE. We will just have to continue operating at the same level that we have in the past and not expand our research work in injury control.

Senator HILL. But you can't enlarge your activities?

INJURY CONTROL PROGRAM

Mr. SVORE. I have with me today Dr. Marland, who is the head of the injury control program, who is sitting over in the corner there, if you would like to ask him any questions. We can call upon him to expand upon the injury control program as a whole, if you would like to.

Senator HILL. Dr. Marland, suppose you come forward.

Dr. MARLAND. Your inquiry in our surveillance and epidemiology teams is perhaps the key to the way in which the injury control program is designed to operate. We have found that the first team, which was authorized by Congress in 1966, produced very, very dramatic kinds of data which were scientifically valid rather than basing our actions on data from newspaper reports of injuries and other trivial sources.

ACCIDENT INVESTIGATIONS

Our teams conduct indepth investigations of accidents that are reported to physicians and to the accident teams in the communities where these teams are located. Our teams are composed of epidemiologists and statisticians, who are at home with the medical community as well as with the patients who have an injury. These teams, now there are two, because in 1967 Congress authorized an additional one which is now operating in Boston, have provided us for the very first time with valid data on which we can base research and community action programs.

HEATING PAD BURNS

So, stemming from these teams and their investigations have come a few things which perhaps will never be heard of publicly. For instance, in Denver, we observed an unusual incidence of burns, apparently from heating pads, of patients who were bedridden. No one had ever heard of burns coming from heating pads. Our engineer, who was connected with the team, tore apart many of the heating pads and took them to Underwriters' Laboratories. All of them of course were Underwriters' Laboratory approved, and among the group specialists they determined that a particular type of thermostat was in fact defective, and that when the body weight was resting on the thermostat, there was no way in which it could operate properly. Consequently Underwriters' Laboratories has insisted on a redesign, and now the heating pads are coming off the assembly line without this defect.

This was repeated on four or five types of injury-causing problems, where we went to the manufacturer or the agency involved, where a very quiet correction was made. This is the kind of exciting information which our teams provide. Of course our research is based on their findings, and our community action programs are designed to put our research and these data into action in the communities. We do this through our regional offices as well as community demonstration people.

SURVEILLANCE AND OBSERVATION OF CASE FACTS

Dr. PRINDLE. I would like to point out that in this control area, and many other areas in this Center, we are in the peculiar position of trying to launch action programs but not being the ones who actually

do the final job. For example, it is the Underwriter Laboratory, or it is a local law, or whether it is another department of the Federal Government that has to take the action, in the sense of better design of highways, to cut down traffic accidents, and things of that sort, but our role we feel, is one of finding out what needs to be done, what the standards should be, what the causes of these problems are, and promulgating these to the appropriate group who carries it on. Surveillance and observation of the actual facts of the case is really the method that we can get at any of these kinds of problems. It has been very interesting, especially in certain areas, how willing manufacturers, local groups, local regulatory bodies, and so forth have been to accept this information once it has been developed.

SCIENTIFIC INVESTIGATION AND CASUAL DATA DEARTH

As Dr. Marland has stated, surprisingly enough in the past very little real scientific investigation has been made. We have tremendous amounts of statistics of people injured, but really little information on what caused the injury.

Senator HILL. These programs are really bringing to light these causes, so that you can take the steps, as you did with reference to these heating pads, to prevent the causes, is that right?

Dr. PRINDLE. That is right.

Senator HILL. It sounds very interesting.

PLANNED MORGANTOWN, W. VA., INQUIRY CONTROL CENTER

Quoting Senator Byrd again he says:

Specifically I read a while back that you hoped to establish a team in the rural area in Appalachia. Do you have the people to do it this year in your proposed budget?

Mr. SVORE. We had planned to establish within the Morgantown facility injury control people as well as occupational health, and solid wastes, and so on, elements of the entire program of the Center for Urban and Industrial Health, which would have various activities related to the people in this Appalachian region.

Senator HILL. Just where will this center be?

PROPOSED MOVE OF CENTER TO OHIO

Mr. SVORE. This will be in Morgantown, W. Va.

Senator HILL. Senator Byrd continues:

Although this does not relate directly to the expansion of your team program, I am concerned with the possible effect of the proposed move of your center to Ohio. We are all aware of the shortage of technical and other trained specialists in the health field. What effects will this move have on the retention of your scarce personnel?

Mr. SVORE. We have most of our science base for this center in Cincinnati today.

Senator HILL. You established that several years ago, didn't you?

Mr. SVORE. That is correct. We have our solid waste research there, and we have major occupational health research which is going on there. There is a research group in milk and food which has been

there for many, many years. What we will be doing in Cincinnati, of course, is ultimately to bring these programs together within one facility so that we can get the benefit of cross fertilization between the research efforts of these various programs that will be operating out there.

Dr. PRINDLE. I might add, Senator, that a resource in Cincinnati is the University with which we will be affiliating just as we will be at Morgantown, with the University of West Virginia. These provide us with additional resources and personnel. I think that many of the kinds of operations we conduct, which are out in the field, are not headquarters dependent. That is to say whether the center here in Washington or elsewhere, our people are scattered all over, and recruitment really is less based on where the central facility will be than where the operations are conducted in the field, whether they be in Denver or Boston or wherever.

PERSONNEL RECRUITMENT

Senator HILL. Do you have much trouble today in recruiting your personnel?

Dr. PRINDLE. We always have trouble in recruiting personnel. I think that this is a servicewide phenomenon which I am sure you have discussed with the Surgeon General.

Senator HILL. There is no doubt about that, we have problems.

When you get a salary raise, all of the sheep have to go through the gate together, isn't that right?

Dr. PRINDLE. That is right.

AVAILABILITY OF INFORMATION TO PUBLIC

Senator HILL. Senator Byrd continues:

I am also concerned with the manner in which the information gained from these surveillance teams may be placed where it will benefit the general public, to gather facts and put them in a Federal file is not the objective of the program, of course. How would your program benefit the American public, and what means have you planned to bring the benefits to the general public?

Mr. SVORE. We have a very definite program along this line, and if I can refer it back to Dr. Marland, I would like to have him explain that.

Dr. MARLAND. Data coming from the teams which is not as simple and clearcut as our example of heating pads, is normally involved with a more complete program of injury control and applied on a communitywide basis. It was yesterday that we finalized our plan for our first major demonstration cities, for a complete injury control plan on a communitywide basis. This will be extended probably into three communities for demonstrations this summer. Previously we had developed individual type of injury control plans, concentrating on either a burn injury or a poisoning episode.

In Charleston, S.C., we had a communitywide activity which resulted in a great decrease in accidental poisonings. Of course, in Birmingham, Ala., there was a study that you are familiar with, in which there was a 50-percent reduction in hospital admissions for burns, following our program of education. As these data do become

available, our program experts in the field put these data together with existing information, and inform the public by all of the mechanisms available to us, principally operating through civic groups and local health agencies and local political institutions.

AREA BUDGET REDUCTION

Senator HILL. So you are making your best efforts to get this information to the general public?

Dr. MARLAND. Yes, this is the area where we are most sorely tried in regard to our resources.

Senator HILL. What effect is this budget going to have on them?

Dr. MARLAND. I do not have the breakdown. Perhaps we can get that information for you. I have only gross figures.

Dr. PRINDLE. In the community services which is the application part of the program, our budget was reduced by 139 positions and \$1.75 million.

Senator HILL. These community services, those are the means for getting this information out?

Dr. MARLAND. Yes, sir. These are people who are not always located out in the communities. It is a headquarters program of generating the package to be delivered, but it also includes the people who are delivering the services.

PROGRAM INJURY EXCLUSIONS

Senator HILL. Senator Byrd continues:

I understand the injuries which your surveillance teams are concerned with are nonindustrial in type and exclude aviation injuries also. I see you spell out the excluding areas so the definite areas may be established in determining whether any overlapping of budgetary requests may be occurring.

ACTIVE TRAFFIC ACCIDENT PROGRAM

Mr. SVORE. We have, of course, a very active program in the area of traffic accidents. Half of all accidental deaths which occur in the United States are in relation to traffic accidents. Our interest here is in relation to the individual and how he reacts, and what he does that will cause the accident.

We have in our laboratory at Rhode Island some driving simulators to determine how the individual reacts under various stress conditions of driving. That involves subjecting him to these conditions without subjecting him to the danger.

We will of course continue our research in this area, to see whether or not we can develop this first generation of simulators on down through the line until we have the kind of an instrument that can determine whether or not this type of individual should be driving, or whether he should not be driving, and what he does that causes the accident.

Our specific interest, of course, is in the injury to the individual.

AVIATION INJURY EXCLUSION

Senator HILL. What comment do you have to Senator Byrd's reference to the exclusion of aviation injuries?

Dr. PRINDLE. The Federal Aviation Agency has the role in this, both the legislative authority and the capacity to carry on their particular activity. They are peculiarly situated with their other interests in the aviation area to carry this out. I don't think that we are in any position to be involved in the problem of duplication here, with possible minor exception with respect to our general concern about the types of people who get into accidents. This leads me to comment that we are working on agreements and arrangements with the Department of Transportation, because under the new highway safety programs there, there is a real danger and potentiality of overlapping and duplication between our programs.

MEDICAL AND HUMAN ASPECTS OF INJURIES

I think we feel that our position would be one of concentrating on the things that we are peculiarly capable of doing, the medical and human aspects, as opposed to the engineering, highway construction and vehicle design. This human aspect is what we will be studying especially in our facility in Rhode Island.

EMERGENCY HEALTH SERVICE AND ALCOHOLISM

We will be looking at the individual and working broadly within the Public Health Service, especially with the other two parts of the Service involved, Emergency Health Services and now the alcoholism group at NIMH. We feel that these are the areas with respect to the human being that are our concern. These will be the ones we will concentrate on.

Senator HILL. Is there anything else you gentlemen would like to add? It is most interesting and timely and challenging testimony, and we thank you for it.

NATIONAL INSTITUTE OF MENTAL HEALTH

MENTAL HEALTH RESEARCH AND SERVICES

STATEMENT OF DR. STANLEY F. YOLLES, DIRECTOR, NATIONAL INSTITUTE OF MENTAL HEALTH, ACCOMPANIED BY DR. LEO J. GEHRIG, DEPUTY SURGEON GENERAL; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET; DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

APPROPRIATION ESTIMATE

NATIONAL INSTITUTE OF MENTAL HEALTH

[NATIONAL INSTITUTE OF] MENTAL HEALTH RESEARCH AND SERVICES

For expenses necessary for carrying out the provisions of sections 301, 302, 303, 311, 312, 321, 322, 324, 326, 341, 343, 344, 502, and 504 [and 314(c)] of the Act, [with respect to mental diseases, and] section 810 of the Act of July 1, 1944, as amended (33 U.S.C. 763c), the Act of July 19, 1963 (Public Law 88-71), with respect to mental diseases, and Executive Order 9079 of February 26,

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1399

1942, including purchase and exchange of farm products and livestock; and purchase of firearms and ammunition; and, to the extent not otherwise provided, of the Community Mental Health Centers Act (42 U.S.C. 2681-~~2687~~ 2688), as amended, and the provisions of ~~section 231 of the Social Security Amendments of 1965~~ the Comprehensive Health Planning and Public Health Services Amendments of 1966 (Public Law 89-749) and the Narcotic Addict Rehabilitation Act of 1966 (Public Law 89-793), ~~[\$264,119,000]~~ \$246,741,000.

Amounts available for obligation

	1967	1968
Appropriation	\$264,119,000	\$246,741,000
Transfer to "Operating expenses, Public Buildings Service," General Services Administration	-515,000	-----
Comparative transfer to:		
"Community health services"	-8,972,000	-----
"Community mental health resource support"	-32,081,000	-----
"Comprehensive health planning and services"	-6,750,000	-----
Comparative transfer from: "Hospitals and medical care"	19,246,000	-----
Advances and reimbursements from:		
Other accounts	233,000	1,727,000
Non-Federal sources	4,000	4,000
Proposed for separate transmittal	2,000,000	-----
Total	227,374,000	248,472,000

¹ Includes reimbursements of \$1,400,000 in 1967.

² Excludes comparatively transferred reimbursements of \$1,400,000 in 1967, which are included under comparative transfer from "Hospitals and medical care," above.

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Grants:						
Research		\$71,631,000		\$76,477,000		\$4,846,000
(General research support)		(6,434,000)		(5,667,000)		(-767,000)
(Scientific evaluation)		(274,000)		(375,000)		(100,000)
(Categorical clinical research centers)		(1,750,000)		(1,750,000)		-----
Hospital improvement		10,610,000		10,610,000		-----
Training		92,266,000		100,762,000		8,496,000
Fellowships		9,133,000		9,859,000		726,000
Direct operations:						
Planning, development, and administration of extramural research programs	112	2,473,000	144	2,550,000	2	77,000
Intramural research	519	13,625,000	526	16,114,000	7	2,489,000
Manpower and training	87	1,653,000	87	1,703,000	-----	50,000
Mental health services	81	1,554,000	81	1,550,000	-----	-4,000
Special mental health programs	147	2,287,000	159	3,240,000	12	953,000
Regional and field activities	283	4,648,000	321	7,588,000	38	2,940,000
Fort Worth and Lexington hospitals	1,072	10,967,000	1,072	10,540,000	-----	-427,000
Scientific communication and public education	73	1,640,000	73	2,640,000	-----	1,000,000
Program management and services	323	4,731,000	325	4,839,000	2	108,000
Total obligations	2,697	227,218,000	2,758	248,472,000	61	21,254,000
Unobligated balance, reserve		156,000		-----		-156,000
Total, obligations and balance	2,697	227,374,000	2,758	248,472,000	61	21,098,000

Obligations by object

	1967 estimate	1968 estimate	Increase (+) or decrease (—)
PUBLIC HEALTH SERVICE			
Total number of permanent positions.....	2,683	2,744	+61
Full-time equivalent of all other positions.....	194	194	-----
Average number of all employees.....	2,505	2,666	+161
Personnel compensation:			
Permanent positions.....	\$19,745,000	\$21,201,000	+\$1,456,000
Positions other than permanent.....	1,177,000	1,177,000	-----
Other personnel compensation.....	427,000	427,000	-----
Total personnel compensation.....	21,349,000	22,805,000	+1,456,000
Personnel benefits.....	2,154,000	2,251,000	+97,000
Travel and transportation of persons.....	1,308,000	1,355,000	+47,000
Transportation of things.....	276,000	183,000	-93,000
Rent, communications, and utilities.....	997,000	1,115,000	+118,000
Printing and reproduction.....	250,000	253,000	+3,000
Other services.....	7,137,000	11,901,000	+4,764,000
Payment to "National Institutes of Health management fund".....	6,284,000	6,926,000	+642,000
Supplies and materials.....	2,169,000	2,092,000	-77,000
Equipment.....	1,503,000	1,754,000	+251,000
Grants, subsidies, and contributions.....	183,682,000	197,728,000	+14,046,000
Subtotal.....	227,109,000	248,363,000	+21,254,000
Quarters and subsistence charges.....	-29,000	-29,000	-----
Total, Public Health Service.....	227,080,000	248,334,000	+21,254,000
ALLOCATION TO ST. ELIZABETHS HOSPITAL			
Total number of permanent positions.....	14	14	-----
Average number of all employees.....	14	14	-----
Personnel compensation:			
Permanent positions.....	\$88,000	\$88,000	-----
Other personnel compensation.....	15,000	15,000	-----
Total personnel compensation.....	103,000	103,000	-----
Personnel benefits.....	8,000	8,000	-----
Rent, communications, and utilities.....	24,000	24,000	-----
Other services.....	1,000	1,000	-----
Supplies and materials.....	2,000	2,000	-----
Total, St. Elizabeths Hospital.....	138,000	138,000	-----
Total, obligations by object.....	227,218,000	248,472,000	+\$21,254,000

Summary of changes

1967 enacted appropriation.....	\$264,119,000
Transfer to "Operating expenses, Public Buildings Service," Gen- eral Services Administration (space rental).....	-515,000
Comparative transfer to:	
"Community health services".....	-8,972,000
"Community mental health resource support".....	-32,081,000
"Comprehensive health planning and services".....	-6,750,000
Comparative transfer from: "Hospitals and medical care".....	¹ 9,246,000
1967 estimated reimbursements.....	327,000
Proposed supplemental.....	2,000,000
Unobligated balance, reserve.....	-156,000
1967 total estimated obligations.....	227,218,000
1968 appropriation estimate.....	246,741,000
1968 estimated reimbursements.....	1,731,000
1968 estimated obligations.....	248,472,000
Total change.....	+21,254,000

¹ \$1,400,000 of the comparative transfer from "Hospitals and medical care" is reimbursements.

	Base		Changes from base	
	Posi- tions	Amount	Posi- tions	Amount
Increases:				
A. Built-in:				
1. Annualization of positions new in 1967 -----				\$1,256,000
(a) Positions related to Narcotic Addict Rehabilitation Act.....				(1,181,000)
(b) All other positions.....				(75,000)
B. Program:				
1. Research grants.....		\$62,947,000		6,113,000
(a) Regular projects.....		(62,672,000)		(5,509,000)
(b) Project grants, Narcotic Addict Rehabilitation Act.....				(504,000)
(c) Scientific evaluation.....		(275,000)		(100,000)
2. Training.....		92,266,000		8,496,000
3. Fellowships.....		9,133,000		726,000
4. Planning, development and administration of extramural research programs.....	112	2,473,000	2	83,000
5. Intramural research.....	519	13,625,000	7	1,860,000
6. Manpower and Training.....	87	1,653,000		50,000
7. Special mental health programs.....	147	2,287,000	12	957,000
8. Regional and field activities.....	283	4,648,000	38	1,763,000
(a) Implementation of Narcotic Addict Rehabilitation Act.....	(53)	(279,000)	(36)	(1,668,000)
(b) All other.....	(230)	(4,369,000)	(2)	(95,000)
9. Scientific communication and public education.....	73	1,640,000		1,000,000
10. Program management and services.....	323	4,731,000	2	112,000
Subtotal program increases.....			61	21,160,000
Payment to "National Institutes of Health management fund" for centrally furnished services.....		6,284,000		642,000
Total program increases.....			61	21,802,000
Total increase.....				23,058,000
Decreases:				
A. Built-in:				
1. Nonrecurring other objects.....				-502,000
(a) Related to Narcotic Addict Rehabilitation Act.....				(-427,000)
(b) All other.....				(-75,000)
2. 1 less day of pay in 1968 (261 days in 1967, 260 days in 1968).....				-35,000
B. Program:				
1. General research support grants.....		6,434,000		-767,000
2. Study of children's emotional illnesses.....		500,000		-500,000
Subtotal program decreases.....				-1,267,000
Total decreases.....				-1,804,000
Total net changes requested.....			61	21,254,000

EXPLANATION OF CHANGES

Research Grants.—The increase of \$5,509,000 will provide for additional grants in the areas of behavioral sciences; clinical research; psychopharmacology research; narcotic and drug abuse; alcoholism; metropolitan mental health problems; and suicide prevention. An increase of \$504,000 will support project grants under the provisions of the Narcotic Addict Rehabilitation Act of 1966. An increase of \$100,000 for scientific evaluation grants is also provided. These increases are offset by a decrease of \$767,000 in the general research support program and \$500,000 in the study of children's emotional illnesses.

Training Grants.—An increase of \$8,496,000 will provide for 13 new grants and \$500,000 in undergraduate training, 96 grants and \$5,252,000 in the graduate program; 31 grants and \$1,150,000 for continuing education; 17 grants and \$1,000,000 for experimental and special training; and 30 grants and \$550,000 for the inservice training program. The remaining \$44,000 is for an additional scientific evaluation grant.

Fellowships.—The \$726,000 increase will support 116 additional grants in the predoctoral program and 5 new grants in the research career development program.

Planning, Development, and Administration of Extramural Research Programs.—Two positions and \$83,000 will be used to strengthen the grants review activities of the extramural research program.

Intramural Research.—The 7 positions and \$1,860,000 increase will provide: \$500,000 for renovating Clinical Center space for psychiatric research; \$450,000 for additional data processing and computer facilities; \$210,000 for equipment for expansion of the laboratory of neurochemistry. The 7 positions and the remaining \$700,000 will provide for additional staff in animal behavior studies relating to learning, problem solving, etc.; also studies of the metabolism of addicting drugs in man and field follow-up studies of former drug patients.

Manpower and Training.—The additional \$50,000 will be used to support studies of mental health manpower needs.

Special Mental Health Programs.—The increase of 12 positions and \$957,000 will provide for additional staff, data processing, and other contractual services in support of the centers on narcotic and drug abuse, alcoholism, crime and delinquency, suicide prevention, and mental health of children and youth.

Regional and Field Activities.—The increase of 38 positions and \$2,944,000 provides 36 positions and \$2,849,000 to carry out the Institute's responsibilities under the Narcotic Addict Rehabilitation Act, and 2 positions and \$95,000 to strengthen staff functions of the overall regional and field program.

Fort Worth and Lexington Hospitals.—The decrease of \$427,000 in this activity includes \$353,000 for nonrecurring other objects costs related to the establishment of the programs under the Narcotic Addict Rehabilitation Act of 1966. Also included is a reduction of \$74,000 for nonrecurring equipment costs in the on-going programs.

Scientific Communication and Public Education.—An increase of \$1,000,000 will be utilized for the development of a scientific and public information program on narcotics and dangerous drugs authorized by the Narcotic Addict Rehabilitation Act of 1966.

Program Management and Services.—Two positions and \$112,000 will provide staff and supporting funds in the grants and contracts management section.

Included in the overall change is an increase of \$1,256,000 for annualization of positions new in 1967, including \$1,181,000 for new positions related to the Narcotic Addict Rehabilitation Act. This increase is partially offset by a decrease of \$503,000 in nonrecurring equipment, including \$353,000 in the Narcotic Addict Rehabilitation Act program. There is also a decrease of \$35,000 for one less day of pay in 1968.

The following summarizes the implementation of the Narcotic Addict Rehabilitation Act of 1966 by a proposed supplemental appropriation in 1967 and the proposed President's Budget for 1968. For further explanation see pages 63, 66 and 71.

Activity	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Grants; research.....				\$504,000		+\$504,000
Direct operations:						
Regional and field activities.....	53	\$279,000	89	3,128,000	+36	+2,849,000
Fort Worth and Lexington hospitals.....	136	1,721,000	136	1,368,000		-353,000
Scientific communication and public education.....				1,000,000		+1,000,000
Subtotal.....	189	2,000,000	225	5,496,000	+36	+3,496,000
Total mental health research and services.....	189	2,000,000	225	6,000,000	+36	+4,000,000
Community mental health resource support.....				4,000,000		+4,000,000
Total, both appropriations, Narcotic Addict Rehabilitation Act programs.....	189	2,000,000	225	10,000,000	+36	+8,000,000

Research grants

	1967 estimate	1968 estimate	Increase or decrease
Regular programs-----	\$62,672,000	\$68,181,000	+\$5,509,000
Special programs-----	8,959,000	8,296,000	-663,000
Total research grants-----	71,631,000	76,477,000	+4,846,000

The objective of the research grant program of the National Institute of Mental Health (NIMH) is to provide support for research on the etiology, diagnosis, treatment, prevention and control of mental illness, and the promotion of mental health. The Institute is responsible, therefore, for the support of both clinical and basic research aimed either at the resolution of specific problems of mental and emotional illness or at the enlargement of knowledge regarding the parameters of human behavior—including its prediction and control, as well as for support of applied research aimed at applying newly discovered information and techniques. Reflected in the range of research grant activities is a recognition by the Institute that if we are to build a continuum of services to enhance the mental health of Americans, we must buttress the effort with a continuum of scientific endeavor—from basic, normative studies to community based evaluations of new approaches to the care of the severely disturbed.

The research grant program supports research projects in the following areas: behavioral sciences, clinical research, applied research, psychopharmacological research in narcotics and drug abuse, research in alcoholism, metropolitan mental health problems, and research in suicide prevention. This subactivity also includes a proportionate share of support for General Research Support Grants which are administered by the Division of Research Facilities and Resources, National Institutes of Health.

Research grants are awarded on an individual project basis. Awards are made after review by non-government scientists organized into "study section" or review committees. Following study section review an application receives a second review, by the National Advisory Mental Health Council, a statutory group made up of mental health scientists and experts and interested citizens. Following its review the Council recommends to the Surgeon General either approval or disapproval of each grant. No grant may be awarded unless it has been recommended by the National Advisory Mental Health Council. The various research programs supported by grants are discussed under the appropriate subactivities of direct operations.

Distribution of research grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Noncompeting projects-----	1,102	\$38,889,000	1,230	\$43,112,000	+128	+\$4,223,000
2. Competing projects-----	183	7,686,000	192	8,100,000	+9	+414,000
3. Supplementals-----	(34)	1,456,000	(42)	1,560,000	(+8)	+104,000
4. New-----	493	14,641,000	507	15,409,000	+14	+768,000
5. Subtotal regular programs-----	1,778	62,672,000	1,929	68,181,000	+151	+5,509,000
6. General research support grants-----	-----	6,434,000	-----	5,667,000	-----	-767,000
7. Scientific evaluation-----	-----	275,000	-----	375,000	-----	+100,000
8. Clinical research centers-----	-----	1,750,000	-----	1,750,000	-----	-----
9. Research projects under Narcotic Addict Rehabilitation Act-----	-----	-----	-----	504,000	-----	+504,000
10. Study of children's emotional illnesses-----	-----	500,000	-----	-----	-----	-500,000
11. Subtotal special programs-----	-----	8,959,000	-----	8,296,000	-----	-663,000
12. Total research grants-----	1,778	71,631,000	1,929	76,477,000	+151	+4,846,000

Research grants program analysis

Fields	1967 estimate	1968 estimate	Increase or decrease
1. Behavioral sciences.....	\$13,817,000	\$15,900,000	+\$2,083,000
2. Clinical research.....	8,211,000	9,233,000	+1,022,000
3. Applied research.....	20,798,000	20,798,000	-----
4. Psychopharmacology research.....	9,616,000	10,300,000	+684,000
5. Narcotics and drug abuse.....	3,236,000	3,900,000	+664,000
6. Alcoholism.....	4,288,000	4,500,000	+212,000
7. Metropolitan mental health problems.....	371,000	950,000	+579,000
8. Suicide prevention.....	2,335,000	2,600,000	+265,000
9. Subtotal.....	62,672,000	68,181,000	+5,509,000
10. General research support grants.....	6,434,000	5,667,000	-767,000
11. Scientific evaluation.....	275,000	375,000	+100,000
12. Categorical clinical research centers.....	1,750,000	1,750,000	-----
13. Research projects under N.A.R.A.....	-----	504,000	+504,000
14. Study of children's emotional illnesses.....	500,000	-----	-500,000
15. Subtotal special programs.....	8,959,000	8,296,000	-663,000
16. Total research grants.....	71,631,000	76,477,000	+4,846,000

Hospital improvement grants

	1967 estimate	1968 estimate	Increase or decrease
Total hospital improvement grants.....	\$10,610,000	\$10,610,000	0

The purpose of the Hospital Improvement Project program is to provide support for demonstrations of improved methods of care, treatment, and rehabilitation of the mentally ill in state mental hospitals. Its objectives are to strengthen therapeutic services and improve the quality of patient care, and to increase the contributions that these institutions can make as an integral part of the comprehensive community mental health programs of the future. This program is discussed in greater detail under mental health services.

In 1967, 97 grants and \$6,790,000 hospital improvement projects to institutions for the mentally retarded were transferred to the Community Health Services program of the Bureau of Health Services.

Distribution of hospital improvement grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Noncompeting continuations.....	86	\$7,642,000	122	\$10,610,000	+36	+\$2,968,000
2. Competing continuations and new grants.....	36	2,968,000	-----	-----	-36	-2,968,000
3. Total.....	122	10,610,000	122	10,610,000	-----	-----

Training grants

	1967 estimate	1968 estimate	Increase or decrease
Total training grants.....	\$92,266,000	\$100,762,000	+\$8,496,000

The primary objective of the Institute's training program is to increase the number of specialists in the mental health field. To meet this goal, a wide variety of training opportunities are provided for all levels of personnel engaged in mental health work; professional personnel in clinical service, research, train-

ing. and administration; sub-professional and technical personnel—including those receiving inservice training in institutions for the mentally ill; and general practitioners and other non-psychiatric specialists prepared to assume a more effective role in psychiatric treatment. Training is also provided in such special areas as alcoholism, suicide prevention, metropolitan mental health problems, drug abuse and narcotics, and support is provided for pilot projects to develop new and imaginative programs of training in mental health skills.

Training efforts are directed at providing—by 1970—over 87,000 trained mental health personnel in the four core mental health disciplines of psychiatry, psychology, social work and nursing. The Institute's training program will provide crucial manpower support in behalf of the Nation's community mental health program. Other National programs, e.g., Medicare and Headstart, will increasingly utilize the skills of mental health personnel. The necessity of pursuing a well coordinated and productive training effort is, therefore, clear.

These programs are discussed in detail under the subactivity Manpower and Training.

In 1967, 99 grants and \$2,182,000 in inservice training grants to institutions for the mentally retarded were transferred to the Community Health Services program of the Bureau of Health Services.

Distribution of training grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Continuations:						
(a) Noncompeting.....	1,335	\$63,045,000	1,639	\$74,626,000	+304	+\$11,581,000
(b) Competing.....	365	16,717,000	358	16,856,000	-7	+139,000
2. Supplementals.....	(308)	2,409,000	(307)	1,323,000	(-1)	-1,086,000
3. New.....	323	9,945,000	213	7,763,000	-110	-2,182,000
4. Scientific evaluation.....	(2)	150,000	(3)	194,000	(+1)	+44,000
5. Total training grants.....	2,023	92,266,000	2,210	100,762,000	+187	+8,496,000

Summary—Training grants (by type of program)

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Undergraduate.....	294	\$8,500,000	307	\$9,000,000	+13	+\$500,000
2. Graduate.....	1,296	70,345,000	1,392	75,600,000	+96	+5,252,000
3. Continuing education.....	121	2,800,000	152	3,950,000	+31	+1,150,000
4. Experimental and special.....	113	5,800,000	130	6,800,000	+17	+1,000,000
5. Inservice.....	199	4,668,000	229	5,218,000	+30	+550,000
6. Scientific evaluation.....	(2)	150,000	(3)	194,000	(+1)	+44,000
7. Total training grants.....	2,023	92,266,000	2,210	100,762,000	+187	+8,496,000

Training grants program analysis

Disciplines	1967 estimate	1968 estimate	Increase or decrease
Psychiatry.....	\$27,730,000	\$29,080,000	+\$1,350,000
Behavioral sciences.....	18,000,000	19,750,000	+1,750,000
Psychiatric nursing.....	10,300,000	10,900,000	+600,000
Social work.....	12,300,000	12,900,000	+600,000
Narcotics and drug abuse.....	137,000	231,000	+94,000
Alcoholism.....	256,000	430,000	+174,000
Metropolitan mental health problems.....	25,000	40,000	+15,000
Suicide prevention.....	250,000	422,000	+172,000
General practitioner.....	9,850,000	10,250,000	+400,000
Experimental and special.....	5,800,000	7,397,000	+1,597,000
Continuing education.....	2,800,000	3,950,000	+1,150,000
Inservice training.....	4,668,000	5,218,000	+550,000
Scientific evaluation.....	150,000	194,000	+44,000
Total.....	92,266,000	100,762,000	+8,496,000

Training grants program analysis

	Estimate, 1967			Estimate, 1968			Increase or decrease		
	Number of—		Amount	Number of—		Amount	Number of—		Amount
	Grants	Stipends		Grants	Stipends		Grants	Stipends	
Undergraduate.....	294	1,766	\$8,500,000	307	1,835	\$9,000,000	+13	+69	+\$500,000
Graduate.....	1,296	8,335	70,348,000	1,392	9,032	75,600,000	+96	+697	+5,252,000
Research training.....	(207)	(1,356)	(10,500,000)	(233)	(1,508)	(12,200,000)	(+26)	(+212)	(+1,700,000)
General practitioner.....	(257)	(665)	(9,850,000)	(288)	(682)	(10,250,000)	(+31)	(+17)	(+400,000)
All other.....	(832)	(6,314)	(49,998,000)	(891)	(6,782)	(53,150,000)	(+59)	(+468)	(+3,152,000)
Continuing education.....	121	75	2,800,000	152	125	3,950,000	+31	+50	+1,150,000
Experimental and special.....	113	958	5,800,000	130	1,005	6,800,000	+17	+47	+1,000,000
Inservise training.....	199	-----	4,668,000	229	-----	5,218,000	+30	-----	+550,000
Scientific evaluation.....	(2)	-----	150,000	(3)	-----	194,000	(+1)	-----	+44,000
Total.....	2,023	11,134	92,266,000	2,210	11,997	100,762,000	+187	+863	+8,496,000

Fellowships

	1967 estimate	1968 estimate	Increase or decrease
Total fellowships	\$9, 133, 000	\$9, 859, 000	+\$726, 000

Fellowships programs provide support for scientists engaged in research on the problems of mental health and mental illness. Programs range from those which support young investigators beginning careers in the biomedical and behavioral sciences relevant to mental health, to those that support fully qualified research scientists in positions favorable to the development of research careers.

These programs are discussed in detail under the appropriate subactivities of Direct Operations.

Distribution of fellowships

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Continuations:						
(a) Noncompeting	498	\$4, 882, 000	569	\$5, 592, 000	+71	+\$710, 000
(b) Competing	73	876, 000	133	1, 080, 000	+60	+204, 000
2. New	474	3, 375, 000	464	3, 187, 000	-10	-188, 000
3. Total fellowships	1, 045	9, 133, 000	1, 166	9, 859, 000	+121	+726, 000

Fellowships (by type of program)

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Predoctoral	730	\$3, 933, 000	844	\$4, 560, 000	+114	+\$627, 000
2. Postdoctoral	74	490, 000	75	495, 000	+1	+5, 000
3. Special	79	920, 000	80	960, 000	+1	+40, 000
4. Research career:						
(a) Career	25	716, 000	25	720, 000	0	+4, 000
(b) Development awards	137	3, 074, 000	142	3, 124, 000	+5	+50, 000
5. Total fellowships	1, 045	9, 133, 000	1, 166	9, 859, 000	+121	+726, 000

Planning, development, and administration of extramural research programs

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	112	\$1, 492, 000	114	\$1, 502, 000	+2	+\$10, 000
Other expenses		981, 000		1, 048, 000		+67, 000
Total	112	2, 473, 000	114	2, 550, 000	+2	+77, 000

Major research programs

The Institute's extramural research program is build upon a foundation of broadly-based research in the areas of clinical, behavioral, psychopharmacology and applied research. Included is a spectrum of studies concerning causes of the various mental and emotional illnesses; the biological, psychological and

social processes associated with these disorders; their incidence and prevalence; and the identification and validation of new and improved methods for their diagnosis, treatment, and control through drugs and other modes of therapy.

A large portion of the Institute's research program is directed at the conquest of the major mental illnesses—the schizophrenias, the depressions, and other psychotic, neurotic and character disorders. These studies range over the biological, psychological, and social fields—as investigators attempt to learn more not only about specific etiological factors, but also about improved methods of prevention and treatment.

Among many urgent mental health problems, the group of disorders—labelled schizophrenia presents a challenge to society at large, to clinical practice, and to our overall understanding of the psychopathology of human behavior. Many studies are designed to identify unique biological factors which differentiate schizophrenic and normal subjects in order to distinguish and describe differences in their overt behavioral and physiological functioning. Still other scientists have been attempting to determine the incidence of schizophrenia among children whose parents have a history of schizophrenia in order to shed some light on genetic factors of this illness.

More systematic studies of etiology—particularly of genetic and environmental factors and their interaction—will be developed further, along with longitudinal studies to illustrate the course and natural outcome of this illness. Also to be stimulated are more studies of the physiological properties of abnormal chemical substances in various body fluids found to be associated with schizophrenia. A newly developed Center for Studies of Schizophrenia will be devoted to the coordination and development of new research, clinical, and training activities in this critical area.

Although many fundamental and challenging issues remain concerning the biological, biochemical and psychological determinants of the depressions, research efforts directed at treatment have become successively more refined and have achieved a considerable measure of success. For example, there has been an increasing emphasis on studying the comparative effectiveness of several drugs found to be useful in depression. The identification of sleep patterns typical of depressives has offered not only a diagnostic aid, but also an opportunity for more selective drug treatment. An increased number of studies are continuing to shed additional light on the biochemical correlates of depression—catecholamine metabolism, electrolyte balance, and endocrine function.

Many of the Institute's behavioral science studies focus on the relationship between brain and behavior. Knowledge of the mechanisms and processes through which the central nervous system controls and regulates behavior is essential to an eventual understanding of mental and emotional disturbance. Electrophysiological, anatomical and chemical techniques are in use by many investigators reaching for an understanding of the role that areas of the brain play in such phenomena as perception, learning motivation, and emotion. Studies are in progress to identify neural centers apparently associated with basic human drives including aggressive behavior.

In view of heightened recognition of the need to understand the nature and role of sleep and dreams, new studies in this area have been carried out by an increasing number of investigators. Several major advances have been made in understanding the nature and function of sleep and dreaming in everyday life and in mental illness.

Behavioral scientists continue their efforts to understand the role of psychological, social, and culture factors in the etiology, course, and treatment of mental illness. We are gaining, for example, a sharper understanding of the importance to the child of early impressions; how attitudes, values and standards develop. We are winning new insights into the complex patterns of family interaction, and how they can give rise to abnormal behavior. We are seeing more clearly some of the psychological and social frustrations that lead to aggressive behavior and delinquency. In addition, we are tracking the psychological factors that help generate physical illnesses. Recent studies suggest that feelings of despair and hopelessness in handling a difficult life situation may be associated with the origin of a wide range of physical diseases.

Next year will see continued support and further development of studies in the behavioral sciences in areas similar to those identified above, as well as in other substantive areas such as behavioral genetics, computer simulation of behavior, language and communication, motivation, problem solving and decision making, and the role of endocrine balance in behavior.

One of the major areas of successful growth in the Institute's program has been in psychopharmacology—both at the level of basic studies and in terms of clinical application. Many advances have been made in the assessment and evaluation of pharmacological properties of new compounds, their general physiological and behavioral effects on animal and human subjects as well as their clinical efficacy in the treatment of such disorders as the schizophrenias and the depressions. The therapeutic value of many new drugs continues to be assessed in a variety of treatment settings and over a wide range of patient population. These studies have also provided strong leads for work designed to answer the question of appropriateness of a given drug for a particular type of patient. It is apparent that an understanding of the effects of new drugs on brain and body chemistry is required for a rational approach to the use of such drugs in the treatment and control of mental and emotional disorders. Such studies in animals are needed to pave the road for more sensitive and systematic approaches in humans.

The Institute's research activity is aimed in large measure at a number of special problem areas which demand either new or expanded effort. Toward this end, the recent reorganization of the Institute has resulted in the establishment of a number of Centers designed to integrate and coordinate work in fields of importance—such fields, for example—suicide, to be given comprehensive attention through the Institute's Center for Studies of Suicide Prevention. Other fields include mental health and social problems, and schizophrenias. Similar comprehensive efforts are being directed toward the solutions of problems of alcoholism, narcotic and drug abuse, mental health problems of children and youth, and crime and delinquency. These latter are discussed as part of the Institute's Special Mental Health Programs.

In the prevention of mental illness and the improvement of mental health, it is no longer enough to search for the causes of the mental illnesses after disability has developed. Great emphasis must be placed on prevention—on learning how to intervene at the places of stress and the times of crisis to prevent mental illness. To approach this task, the mental health laboratory has been enlarged. The lab still has its test tubes and pipettes, its rat mazes and its primate centers. But today it also encompasses people crowded into urban slums and isolated in rural cabins. Scientists and clinicians have become increasingly aware of the relevance of social considerations to the study of illness and health. The manifestations of mental disorders overwhelmingly involve disturbances in personality functioning and interpersonal transactions, and these in turn have widespread and significant social repercussions. Clearly, the phenomena of mental illness make themselves known, as do no other pathological states, primarily through behavior, and moreover, through the behavior of the entire human organism, wherever found—at home, at work, at school, at leisure time activities. A growing number of research programs, therefore, focus on emergent social problems—areas such as marriage and divorce, school mental health, cultural deprivation, the behavior of the mentally ill offender, mass violence, and problems of urbanization and metropolitan life. These and other areas are receiving special and coordinated attention through the Institute Center for Studies of Mental Health and Social Problems, and through the Center for Studies of Metropolitan and Regional Mental Health Problems.

Through its program of applied research, the Institute continues to pursue one of its primary goals: The prompt and effective application of research findings and other new knowledge leading to improved ways of preventing, diagnosing, and treating mental illness and strengthening mental health. An important means for accomplishing this goal is the utilization of available community and institutional resources, through which the Institute sponsors a broad range of applied research activities and pilot activities. As a result of the combination of both fundamental and applied research projects, a number of pioneering innovations are being tested, and new concepts in mental health services are being realized in practice.

The goals of prevention, early diagnosis and early treatment continue to guide the work of the program. Efforts to meet the needs of patients requiring such care are being made by the Institute in orphanages, foster homes, hospitals for the mentally and emotionally disturbed, correctional institutions, and various other agencies. These efforts are crucial in the struggle to overcome the forces that perpetuate mental illness, intellectual retardation, and antisocial behavior, that prevent so many persons from realizing their capacities as human beings. Institutions where we place our mentally ill can compound the problem

instead of easing it. Consequently the Institute supports a variety of research projects to learn and show how institutional and community services can be integrated and improved. A number of studies are being directed, too, at improving the welfare of patients outside the hospital.

The Institute's program of applied research also serves to develop fundamental knowledge gained through basic and clinical research or through experience to the point where it may be used in the delivery of mental health services. Project methods extend from experiments on the relative efficacy of different service techniques to the field testing of new operating service programs. In all projects evaluation of the efficacy of the service or of its process of delivery is stressed.

Investigators have explored new ways of remotivating and rehabilitating chronically and severely ill mental hospital patients, and have developed effective techniques of caring for patients and providing mental health services in the community. Epidemiologic data have been collected on which to base needed services, and to help evaluate the effectiveness of community mental health programs. In the areas of preventive work, the impact of psychiatric services on general medical care has been studied.

Emphasis will now be placed on stimulating the application of a systems approach in the development of models of integrated mental health services. Studies will be instituted to trace the patterns by which services are sought and by which they are provided in order to develop new models of service. Studies of community process will be used to improve communication and co-operation among helping agencies. The ultimate goal of these new studies is to improve the decision-making process in determining treatment of choice, to increase the number of alternatives that are available to the person in need of help, and to develop coordinated programs of community mental health and related services. Such programs should be planned to facilitate their use by appealing to and being based on the needs of those who need help.

Applied research projects continue to provide significant innovations in mental health programs. These projects have demonstrated the practical effectiveness of new methods of treatment and have become models for replication.

Clinical research centers

The clinical research centers program provides for a comprehensive, multi-disciplinary approach to the enormously complex problems of clinical research. Funds specifically for this program are used to maintain the facility itself; the research which is carried out at the centers may be supported by long-term research grants to individual investigators, working on inter-disciplinary research programs.

Three major centers being supported are devoted to the study of adult psychoses—primarily schizophrenia. One program focuses on longitudinal studies of chronic schizophrenics with the aim of uncovering underlying periodicities in specific physiological systems. Investigators have found thyroid medication beneficial in a number of cases of periodic catatonia, a condition in which the patient shows cyclic variations in activity, from excitement to inactivity or stupor. Another program involves a metabolic ward maintained for biological studies of acute psychotic disorders; the purpose of the research program is to integrate studies of the relationships between metabolic, physiological, and behavioral factors. Investigators have identified an atypical amine in the urine of schizophrenic patients, a finding which suggests a defect in biological transmethylation associated with schizophrenia. A third program entails an intensive study of chronic schizophrenics. Data are being gathered to provide a continuous picture of the patient's functioning on the ward, his mental status and mood, and his response to drug treatment and psychotherapy. Physiological correlates of the patient's behavior are provided by a telemetry system and psychoendocrine studies.

Psychiatric treatment is the emphasis of a number of clinical research centers. One consists of a 20-bed ward in a large psychiatric facility, and research is focused on the therapeutic process. In the present phase of the study, patients who have not responded well to treatment in the past are given intensive, individual, psychoanalytically-oriented psychotherapy. Another center is devoted to the study of childhood schizophrenia. The autistic children live in the wards during the week, with weekend home visits an important part of the regimen. A behavior therapy approach is being used, for it has been found that by intensive operant conditioning, the behavioral repertoire of these children is enlarged.

Studies of the biochemical and physiological makeup of these children—studies of cerebral-evoked responses, sleep and dream patterns and dietary intake—as well as studies of social interaction are being carried out. Also investigators have completed gathering data from families with normal children for a comparison with their patients' families.

Effort is being made to initiate more clinical research centers in medical centers with already well-established research programs. Much can be learned about mental illness from a concerted, systematic approach which describes the natural history of the disorder, investigated its physiological and biochemical correlates, and assesses the effectiveness of various treatment regimens.

An increase of \$83,000 will provide for two additional positions and increased other objects support required to strengthen the grants management review activities for these areas of research.

Included in the net increase is \$7,000 for mandatory items such as annualization of positions new in 1967, offset by non-recurring items and \$6,000 for one less day of pay in 1968.

Intramural research

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	519	\$5,256,000	526	\$5,278,000	+7	+\$22,000
Other expenses.....		8,369,000		10,836,000	-----	+2,467,000
Total.....	519	13,625,000	526	16,114,000	+7	+2,489,000

The Intramural Research Program of the Institute is devoted to a broad series of investigations of the fundamental biological, psychological, and social processes which underlie the mental disorders, and to clinical studies of the mental disorders. Included are explorations in depth of a variety of treatment methods—from psychological approaches to the employment of pharmacological agents. The goal of these studies is to define as specifically as possible the circumstances in which the various therapeutic interventions are most effective. At the same time a broad and multidisciplinary program of investigations is being carried out with a view toward defining those aspects of heredity and environment which shape behavior, and toward discovering those body structures and psychological and physiological processes which finally determine the adaptive and maladaptive nature of the individual's response. Knowledge gained from such studies will contribute both to the foundation of a truly preventive psychiatry and to an understanding of the conditions necessary for the most creative development of human resources.

Studies of the role of the catecholamines in normal and abnormal behavior have been pursued more intensively during the past year. It has been found in the clinical laboratories that alterations in the metabolism of these biogenic amines is a sensitive indicator of stress. In biochemical laboratories, the mechanisms of this increased metabolic activity have been determined, and some of the enzymes involved have been identified. It has been found that various psychotropic drugs exert their influence at different points along the metabolic pathway. In the neurophysiology laboratories, using combined electro-physiological and pharmacological techniques, direct evidence was obtained linking norepinephrine to a transmitter function in the central nervous system.

In parallel studies, the influence of electrolytes on behavior and on central nervous system activity is under investigation. The dramatic amelioration by lithium of the manic phase of the manic-depressive reaction has been confirmed; it seems also to prevent the development of the depressed phase.

In the psychological and social area, a broad area of research concerns in general, the ways in which individuals develop their perception of the world about them and how values are formed and changed. It is clear that the family is the crucial setting in which the individual learns to perceive and organize his experiences, to construct concepts of reality, and to establish values concerning himself and others. The ground-breaking studies of families with schizophrenic members are being deepened and extended to include other types of mental illness, somatic illness, and behavioral disorder. It seems clear now that therapeutic

programs which take some account of family communication patterns show considerable promise.

Studies have revealed the profound influence that parental behavior and values exert on the child's development. The baby's earliest responses, it is now clear, can be significantly altered by changes in the behavior of those who take care of the baby. Cross cultural and other studies of infants as young as three to four months reveal clear differences that are related to the different patterns of mothering. Longitudinal followup have shown that these learned patterns of response persist to at least two and a half years; the children will be observed again at age six to see whether their response patterns have become enduring behavioral and psychological traits.

At the NIH Animal Center a habitat has been designed to study the effects of crowding on experimental animals—in this case on populations of wild and tame rats. Attention will be directed to such processes as aggression, social withdrawal, and the origin of altered types through natural selection. In 1968 two small laboratory buildings will be completed to house research on animal learning and on behavior under semi-natural conditions. Here studies of the neurophysiological and endocrinological correlates of such vital forms of behavior as foraging, socializing, mating and rearing young will be carried out. New light on the physiology of mood will also result, a problem important for understanding the psychoses, but one which is difficult to carry out in a controlled laboratory setting.

The problem of combating narcotic addiction would be simplified if a successful narcotic antagonist could be discovered. A promising one now being investigated in naloxone, which in animals has turned out to be a stronger analgesic than morphine and more potent antagonist than nalorphine; furthermore, it produces no subjective effects, and creates no physical dependence. Its practical utility is being vigorously explored, but its existence does demonstrate that the euphorogenic and physical dependence producing properties of drugs can be dissociated from their analgesic activities. Another narcotic antagonist, cyclazocine, after intensive laboratory study is now undergoing clinical field trials in several treatment programs. It has been shown that this drug can be administered to post addicts in sufficiently large doses to make them immune to the euphoric effects of narcotics and to prevent them from becoming physically dependent. Initial results as a method of treatment are promising.

Other drug studies are concerned with the physiological, biochemical, psychological and social factors involved in addiction. One interesting development is the validation of conclusions drawn from earlier studies that addiction to narcotics may produce long lasting changes in physiological functions and behavior which continue for prolonged periods following termination of drug use. As long as four months after withdrawal there are still abnormalities of respiration, temperature and circulation. Such physiological abnormalities also characterize the addict who has developed tolerance to a narcotic. In another part of the addiction research program plans are being developed for followup studies of the social and cultural factors associated with addiction in the communities where the addicts live. It is hoped that information obtained from these community studies, coupled with what has already been learned from hospitalized addicts, will produce important data concerning the factors associated with relapse and with continued abstinence. Information of this type is essential to the development of methods for increasing the number of former addicts who remain abstinent.

Alcoholism as a form of addiction will be investigated both clinically and experimentally in a series of studies on the biological, biochemical and behavioral factors which are responsible for it. Metabolic and endocrine processes related to both intoxication and withdrawal will be studied in alcoholic patients along with analysis of the patients' behavior. Drinking patterns of alcoholics will be investigated. Finally, in order to get at some of the biological aspects of alcoholism that cannot be studied in human subjects, an animal preparation which meets the pharmacological criteria of addiction to alcohol will be developed.

Research on depression and suicide includes a number of behavioral, biochemical, and biophysical studies related to the causes of depression, the mechanisms by which present treatments work, the discovery of more effective forms of treatment, and the search for more reliable ways of predicting suicidal intent. An examination of sleep patterns in depressed patients has shown that the extent of sleep disturbance is highly related to clinical estimates of depression. There have been further indications that marked disturbances of the "dreaming sleep"

function at certain stages of depression may be implicated in the development of psychotic symptoms.

In the late 1950's Institute scientists were successful in being able to separate into two components the enzymes which convert phenylalanine, a constituent of our food, to tyrosine. This discovery was of unique interest because it was imperfections in this conversion, resulting in the development of phenylpyruvic acid which caused phenylketonuria (PKU), a disease which causes severe mental retardation. Following upon this important finding was the development of tests which permit early detection of this disorder in the newborn child. When detected it is possible to prescribe a phenylalanine-free diet for the first years of the baby's life, resulting in the prevention of this disorder.

None of these inborn metabolic errors is common; individually most of them are even quite rare. On an aggregate basis, however, the inborn errors assume significance as a cause of mental retardation. No price tag can be put on the salvaging of a child's brain, and on enabling him to live a normal productive life. It is possible, however, to estimate savings to the taxpayer resulting from some of the research on the inborn errors problem. The cost of lifelong institutional care and treatment of a phenylketonuric retardate—generally at community expense—would probably run at least \$100,000. Detecting and treating just one or two children with PKU, for a lifetime, would pay for an entire year's early screening of all newborns in one of the states.

Study is continuing of the disease homocystinuria, another disorder resulting in mental deficiency. This is one of several diseases which are due to defects in the metabolism of sulfur-containing compounds. A related disease called cystathioninuria has now been studied and has been shown to be characterized by the lack of two enzymes—cystathionase and homoserine dehydratase. Future work will concentrate on discovering the factors which regulate the levels of these enzymes in the cell, and which must be known before the diseases can be effectively treated or prevented.

A program increase of 7 positions and \$1,860,000 includes \$500,000 for renovation of clinical center space for psychiatric research; \$450,000 for additional data processing and computer facilities; \$210,000 for equipment for the expansion of the neurochemistry laboratory; and \$700,000 for expansion in the intramural research programs including animal behavior studies related to learning, problem solving, environmental factors, etc., as well as longitudinal population studies of the Norway rats; studies of the metabolism of addicting drugs in man, field follow-up studies of former drug addict patients; and normal increases in costs of on-going research programs.

Included in the net increase is \$37,000 for annualization of positions new in 1967, offset by non-recurring items and \$13,000 for one less day of pay in 1968. Also included is an increase of \$642,000 for centrally furnished services from the "National Institutes of Health Management Fund."

Manpower and training

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.	87	\$945, 000	87	\$945, 000	-----	-----
Other expenses.....		708, 000		758, 000	-----	+ \$50, 000
Total.....	87	1, 653, 000	87	1, 703, 000	-----	+50, 000

The training program has as its primary objective the increase in the numbers of mental health specialists and the improvement of the quality of their training. The scope of the program extends from those disciplines traditionally recognized as constituting the 'core' of mental health manpower, to subprofessions, technicians, and a wide variety of ancillary personnel who are significantly involved in activities relevant to mental health and mental illness. Training support is available at the graduate, undergraduate, and postgraduate levels both for generic training and in special areas such as alcoholism, aging, juvenile delinquency, corrections, etc. An orientation to the community mental health approach is encouraged throughout. Experimental and special projects are supported in all

or illness. Continuing and expanding this program is the plan for 1968. The requested increase in funds of \$672,000 would provide for 116 additional awards, mainly at the predoctoral level, representing, currently, the greatest demand and opportunity for financial support.

Analysis of research being conducted by investigators with research career program awards demonstrates a broad scope of interests and a considerable variety of approaches to mental health problems. Studies are being made of such factors as the role of life history factors on the development of schizophrenia, mechanisms underlying the psychosomatic illnesses, brain chemistry and chemical alterations resulting from the administration of drugs, patterns of emotional development, the psychology and psychophysiology of sleep and dreaming, relations between endocrine and behavioral processes, and behavioral processes from sociological and anthropological points of view.

In 1968, this Institute will continue the support of mental health career investigators and expand the program by new awards. With additional funds in the amount of \$54,000, the requested appropriation would provide for 116 continuations, and for 5 new research career development awards.

An increase of \$50,000 will provide for contracts for studies of mental health manpower needs.

Mental health services

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	81	\$887,000	81	\$883,000	-----	-\$4,000
Other expenses.....		667,000		667,000	-----	
Total.....	81	1,554,000	81	1,550,000	-----	-4,000

The mental health services programs support a broad array of programs aimed at the improvement of the delivery of services to the mentally ill. These programs include:

1. The support of construction and staffing of comprehensive community mental health centers.
2. The improvement of the quality of care and competence of staff in state mental hospitals and institutions.
3. The administration of the mental health care administration aspects of the Social Security legislation.
4. The improvement of planning for comprehensive mental health services, and integration of mental health planning in the comprehensive health planning.
5. The coordination of Institute programs of regional, metropolitan and rural mental health.

Mental Health Care Administration.—Created, in response to a long-felt need, the Mental Health Care Administration Branch will concentrate its activities on three major areas to promote the mental health aspects of the Social Security Amendments of 1965: Program Development, Certification and Consultation and Standards Development.

Studies have reported that over 25 percent of the 65 year old and older population (19 million people) have a psychiatric disorder which warrants intervention and that about 15 percent of persons in this age group have severe mental disorders. Approximately 55,000 aged persons are admitted to State hospitals alone each year and public and private psychiatric hospitals have a resident population over 65 years of age of over 150,000 people.

One of the major responsibilities of the Branch will be to take a leadership role in activities designed to insure that appropriate psychiatric services are available for persons requiring geriatric psychiatric care and treatment.

A recent survey of all general hospitals in the country revealed that only 17.3% routinely admitted psychiatric patients for treatment. An even smaller percentage provided an intensive and comprehensive treatment program for the aged mentally ill.

Active collaborative endeavors with the Social Security Administration and with national standard-setting professional organizations will have two main

objectives: to increase the number of qualified providers of psychiatric services and to maintain quality control.

At the same time an intensified consultation and education program is required at the regional, state and local level to upgrade the scope and quality of treatment programs and to incorporate public and private hospitals, extended care facilities, community mental health centers and home health agencies into an effective mental health service program.

Studies of Metropolitan and Regional Mental Health Programs.—Established in July 1966, the new Center for Studies of Metropolitan and Regional Mental Health Problems has as its mission the exploration of the interrelationships between the Nation's metropolitan areas and the mental health of the more than 60% of American people living within those areas.

The first six months of the Center's operation have been devoted to surveying the field, opening channels of communication with other Federal agencies, and developing its program. A few Institute-supported projects which were already underway and are directly related to this subject area were transferred to the Center. They involve investigations of the dimensions of some characteristically urban problems—neighborhood blight, urbanization of migrants, and homelessness.

The developing program of the Center is based on the overriding importance of fostering at the metropolitan area and regional levels the primary prevention of mental illness. The need is to introduce mental health considerations into every area of urban development, both physical and social. Toward that end the Center's training and research programs are being designed to produce better understanding of the phenomenology of urban life and the points of intervention through which mental health can be fostered.

Examples of the investigations the Center will seek to support in the coming year are: psycho-social reactions to physical and social density, an evaluation of community organization techniques in core central cities, modes of integration of mental health planning and urban development planning, and the dimensions of "community" as a viable concept of social organization in the urban setting.

Hospital Improvement Projects.—The purpose of the Hospital Improvement Project program is to provide support for demonstrations of improved methods of care, treatment, and rehabilitation of the mentally ill and mentally retarded in State mental hospitals. Its objectives are to improve therapeutic services and the quality of patient care, and to strengthen the role that State institutions can play as the comprehensive community mental health and mental retardation programs unfold.

The program was initiated in 1964. At the end of last year, 145 of our 302 State hospitals received awards through the program; among the 138 State institutions for the mentally retarded, 89 were the recipients of grants.

Eighteen States have grants for all of their eligible institutions in both categories. Every State has at least one hospital improvement grant. Only three States have no grants for any of their mental hospitals, and three other States have no grants for their institutions for the mentally retarded. Fifty-three percent of the institutions eligible to apply for hospital improvement grants have received them in the three years since the program was initiated. Two-hundred and twelve institutions have received both Hospital Improvement and Inservice Training Grants. There are now over 50,000 patients involved in current hospital improvement projects. New program development is only one aspect of the potential of this grant program. There are many indications that when an institution has been able to achieve a better therapeutic program and to stimulate staff into new ways of doing things, the gains made spread to other aspects of the Institutions' program and are likely to be irreversible.

During 1967, the Hospital Improvement Project program for institutions for the mentally retarded is being transferred to the Division of Mental Retardation, Bureau of Health Services, Public Health Service.

Over 80 percent of the funds in hospital improvement projects are spent for personnel to provide new therapeutic services. A major emphasis in mental hospitals has been placed upon programs that would improve treatment, training, and rehabilitation of the long-stay more severely ill.

A number of hospitals are developing treatment services for special groups, such as the aged, emotionally disturbed children, adolescents, or mentally ill prisoners. For example, in 22 States, hospital improvement grants have been used to support treatment services for emotionally disturbed children and

rectly affected by alcoholism. According to the World Health Organization, the United States has replaced France as the nation with the world's highest incidence of alcoholism.

Only a small proportion of all alcoholics—perhaps as few as 8%—are of the so-called "Skid Row" type. The vast majority in the United States are living with their families, holding some kind of job, trying to keep a place in their communities. In 1964, some 11,000 deaths were attributed officially to alcoholism, but the actual number is believed to be far larger. Insurance companies calculate that the alcoholic's life expectancy is ten to twelve years less than that of the average person.

In some states, it is claimed that communities spend \$50,000 to \$100,000 in support of an alcoholic and his family during his lifetime. Costs to industry have been estimated at a minimum of \$2 billion a year.

Alcoholism is the number one mental health problem in nine states, according to hospital diagnoses. Of the first admissions to state and county mental hospitals in 1963, one in seven was diagnosed as alcoholic. One out of every eight male patients seen in outpatient psychiatric clinics had an alcohol-related diagnosis.

In recognition of the magnitude and social impact of this problem, the National Center for Prevention and Control of Alcoholism has been established by the Institute to coordinate the Public Health Service activities in alcoholism, to formulate new programs, and conduct research studies in its own laboratories. Its general functions are—

- (1) To provide leadership in planning and developing national programs concerned with alcoholism, in collaboration with other Federal agencies, national organizations, state and local governments and voluntary citizens' groups;

- (2) To coordinate Institute research, training and service activities in the field of alcoholism;

- (3) To foster the development of a wide range of basic and applied research studies of the interrelated biochemical, psychological, behavioral, clinical, pharmacological aspects of alcohol use;

- (4) To coordinate and stimulate statistical and biometric programs for epidemiological and longitudinal studies of alcoholism and alcohol use;

- (5) To accelerate the application of research findings through consultation, demonstrations, field trials, and other mechanisms;

- (6) To assist national, state and local organizations in improving and extending programs for the prevention of alcoholism and for the care, treatment, and rehabilitation of alcoholics;

- (7) To give leadership in the development of inservice training and the continuation of post-graduate training to accelerate the use of current and new knowledge;

- (8) To promote health education programs about alcohol for the general public by stimulating the development of educational materials including pamphlets, books, and audio-visual methods.

The stimulation of new comprehensive training programs will receive high priority from the new Center. A major deficit in all alcoholism programs—research, training, and service—has been the lack of trained people to carry out the many tasks. Professional training has been sadly neglected. Physicians are usually poorly prepared to handle alcohol-related problems when they meet them in their internships and residencies, and few investigators in basic science disciplines seem to appreciate the possibilities for research in alcoholism. It is reasonable to predict the future advances in our understanding and treatment of alcoholism will depend critically on supplementing and expanding current training programs for professionals. The Center will now initiate support of fellowships to provide stimulation for training personnel to engage in research and other activities in the field of alcoholism. Similarly, expansion and improvement of treatment services depend on the creation of adequate training programs for non-professionals.

Alcoholism is caused by a complex interaction of biological, psychological, and sociological factors. Because of this, the hope for developing a better understanding of the cause, natural history, and eventual cure of alcoholism lies in investigators from a number of disciplines working together as a team and directed toward a common goal.

A matter of high priority for the National Center for Prevention and Control of Alcoholism will be the development of university-based multi-disciplinary research centers for the study of alcoholism and alcohol-related problems. At

the present time only one such center exists in the United States (Rutgers University).

During the current year, staff of the Center will consult with a number of medical schools and universities to aid in preparation of program project grant applications for establishment of multidisciplinary alcohol research centers. To date one such application has been received, and three additional applications are expected by March 1, 1967. These four new applications combined with a renewal application are a promise of the development of five university-based alcohol research centers.

Although the focus of research proposed will differ between the five research centers, all will have the following common general features:

1. Research will be multidisciplinary in character with integration of basic science and clinical science disciplines. Participating disciplines will include psychiatry, social psychology, experimental psychology, biochemistry, neurophysiology, and a variety of medical sub-specialties such as cardiology and gastroenterology.

2. All of the centers will conduct an active program of research training at the post-doctoral level in medicine and the various basic science disciplines.

3. The research centers will be located in geographical areas which have a high endemic incidence of alcoholism. The establishment of centers in these areas should provide more incentive for training, research, and service by virtue of the stimulus they will offer to the university and the community at large.

4. All of the research centers will be associated with universities and medical schools which have demonstrated excellence in carrying out research and treatment for many disease entities.

5. The centers will have wide geographical distribution within the United States.

6. The principal investigators and project directors at the centers will be distinguished scientists who have carried out research of high quality in the field of alcoholism.

During fiscal year 1968, it is anticipated that at least four more requests for establishment of alcohol research centers will be submitted by universities and medical schools in New York City, Chicago, New Orleans, and Dallas. It is likely that additional requests for establishment of university-based multidisciplinary alcohol research centers will be submitted from Los Angeles, and Oklahoma City, during 1968.

The establishment of multidisciplinary research centers is both necessary and appropriate among the disease entities which can be investigated through co-operative and combined efforts of behavioral and biological scientists. Perhaps none has offered so unique a challenge as alcohol addiction. At the experimental research level a variety of new behavioral and biological techniques are available which can be imaginatively applied to alcohol research. Studies which will be carried out at the multidisciplinary alcohol research centers should greatly enhance our fund of information in the field of alcoholism and speed progress toward its prevention and control.

In the Centers' intramural laboratories to be developed in the coming year, alcoholism as a form of addiction will be investigated both clinically and experimentally in a series of studies on the biological, biochemical and behavioral factors which are responsible for it. Metabolic and endocrine processes related to both intoxication and withdrawal will be studied in alcoholic patients along with analysis of the patients' behavior. Drinking patterns of alcoholics will be investigated. Finally, in order to get at some of the biological aspects of alcoholism that cannot be studied in human subjects, an animal preparation which meets the pharmacological criteria of addiction to alcohol will be developed.

Enactment of new health-care legislation doubtless will result in an increased demand for alcoholism related activities. The staff of the Center is prepared to consult and work with state officials to develop such programs. Discussions have already begun with the Department of Justice, the offices of Welfare Administration, the Office of Education, and the Vocational Rehabilitation Administration.

Finally, much remains to be done to improve attitudes toward alcoholism. The disease concept of alcoholism has only recently begun to overcome the social stigmatization usually associated with this illness. Attitudes held by both professionals and the general public must be modified further before significant

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Current projects include such studies as the examination of distinctive characteristics of delinquent personality types in an effort to define more explicit treatment and intervention methods; the effect of socially labeling a child as delinquent; factors affecting the capacity to delay gratification and self-control; and the prevention of delinquency by developing predictive measures to identify the pre-delinquent. Community studies are oriented toward the phenomenon of street-corner gangs; direct intervention with delinquent gangs in the community; and adjustment during the post-parole period—a time of crucial importance for recidivism and rehabilitation. One innovative project provides for the development of work opportunities for ex-offenders in programs for crime and delinquency prevention. Studies of the correctional institution deal with its efforts to provide psychotherapeutic intervention—especially through group counseling and milieu therapy. Focus is also placed on the difficulties in changing originally custodial facilities to institutions which are basically treatment oriented. One major function of the Center is to stimulate the communication of information about crime and delinquency.

An important effort in this area is the *International Bibliography on Crime and Delinquency*, a service of the National Clearinghouse for Mental Health Information. This publication for scientific community provides abstracts of the current professional literature and reports of research, demonstrations, and action programs. Future efforts of the Crime and Delinquency Center will focus on the many unsolved problems in this area—for example, on the need for more accurate information on the extent of crime and delinquency; on the development of theories of socially deviant behavior that account for both psychological and social factors; and on the development of more effective and efficient social action programs.

CENTER FOR STUDIES OF MENTAL HEALTH OF CHILDREN AND YOUTH

Recent surveys reveal that during 1963, about 4,000 Americans under 15 years of age and 27,000 between 15 and 24 years were admitted to mental hospitals, both public and private. At the end of the year, 5,000 children under 15 and 25,000 children between 15 and 24 were living their broken lives in these hospitals. Both the first admission rates and the resident population rates for children have increased at an accelerated pace during the last decade—and the rise cannot be explained altogether by pointing to the relative increase in the number of children in the general population. Take, for example, boys between the ages of 10 and 14: In the general population, this group has increased almost twofold since 1950, but it has increased almost sixfold in the mental hospital. No such contrast exists with regard to the American mental hospital population as a whole; here the resident patient rates have declined.

Projections for the decade 1963–73 show that in the age group 10–14, we can expect an increase of 15 percent in the proportion of 10–14 year olds in the country's population; in the mental hospital, however, these children will increase by 116 percent. For older children between the ages of 15 and 24 we can expect a 36 percent increase in the population as a whole, but a 70 percent increase in the wards of mental hospitals.

In public and private institutions for the mentally retarded, 13,000 children under 20 years were admitted for the first time in 1963, while 78,000 such children were residents at the end of the year. Rates for this age group—for both first admission and resident patients—have shown a gradual increase during the last decade.

Data, again from the Institute's Office of Biometry, show that the toll taken by the major mental and emotional disorders is hardly restricted to the adult years. Among public mental hospital resident patients under eighteen, 43 percent were diagnosed as psychotic, 27 percent as retarded or suffering acute and chronic brain syndromes, and the remainder as victims of a variety of personality disorders reflecting both constitutional deficiencies and environmental trauma.

Among children outside the hospital, too, disorders may take forms generally associated with the adult, such as psychoses, neuroses, psychosomatic problems. An estimated 10 percent of public school children in the United States are emotionally disturbed and in need of psychiatric guidance, and at least 250,000 with less serious psychiatric disorders receive services each year at mental health clinics.

Despite the needs reflected in these figures, out-patients clinic data point up the paucity of services available to children. Of the Nation's approximately 1,800

mental health clinics, somewhat less than one-fourth are child guidance clinics; moreover, only 32 percent of the 300,000 patients under 18 years seen at outpatient clinics in 1963 were treated. A large proportion of all counties in the United States are without mental health clinics altogether, and most of these also lack agencies that substitute in some measure for such services.

Recognition of the terrible human and economic cost of the mental health problems of children led the Institute to establish the Center for Studies of Mental Health of Children and Youth. This Center will support the conduct of research, develop training programs for specialized manpower, and work toward the development of preventive programs and improved patterns for the delivery of services.

In order to prevent, control, and ameliorate emotional disorders in children, the Institute supports studies in genetics, biochemistry, neurophysiology, psychiatry, psychology, sociology, anthropology, epidemiology, and other disciplines. Many of these studies focus on specific psychopathological phenomena. But basic behavioral research—to obtain normative data on the physiological, psychological, and social growth of the normal child—is also an integral part of the Institute's program and in some respects the more important part. For the results of such research provide the baselines from which deviations in the development of the disturbed child can be measured and understood, and the insights by which many of the origins of adult illness can be identified. The Institute's basic research effort also reflects an important feature of the Institute's mission—its emphasis on mental health as well as illness, on work designed to enhance the child's potential—intellectual, emotional, social, cultural—as well as to resolve specific problems of psychopathology.

The Institute's work in child development focuses on three areas: the critical first years of life, the family, and the school. This concentration of effort reflects the fact that parents and teachers are the adults with whom the child spends the largest portion of his time and who are, then, in the main, the dominant influences on his life. To a large extent it is they, through the process of socializing and educating the child, who transmit the best—and the worst—of our culture from one generation to the next.

The work comprises a broad group of studies. Research on the family's contribution to a child's development extends from genetic influences at one end to the impact of social change on family life, and therefore on the child, at the other. Projects dealing with the school and the child include studies of learning, of school problems in deprived areas, and of the relationships between particular personality factors and learning and behavior. It will be seen that much of the research has implications either for improving our present services to children or for instituting new ones.

The campaign against child mental illness and for improved mental health among our youth is best fought and won in the child's natural environment. There are many children, however, who have been failed by these primary preventive resources and for whom special mental health services now become necessary. The latter represent a second line of defense, intended for the most part to help the troubled and troublesome child remain a functioning member of the community while being treated. The aim is to provide early help for the child suffering a mental or emotional disorder, thus forestalling more serious crises and institutionalization, and, hopefully, returning the child to a normal and productive life.

This range of services is broad. It includes treatment by pediatricians and general practitioners; treatment in general hospitals and at outpatient clinics; and a combination of treatment and education in special classes and special schools. Included also are the services of welfare agencies, whose workers are often the first to detect existing or impending emotional illness and to bring help to the afflicted person and his family. And, in the case of delinquent youngsters, the services encompass the work of court personnel, training school staffs, and probation officers.

Improvement of these services depends both upon advances in knowledge and upon demonstrations of how these advances can be applied.

The goals of prevention, early diagnosis and early treatment continue to guide the work of those in the child mental health field. But these goals are sometimes unattainable. Social and environmental conditions cannot be transformed overnight, the sick child is not always recognized early, treatment comes too late, or it is simply not effective. For such children—those whose problems

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ments. The traditional behavioral science research approach to studying mental health problems in the controlled setting of the laboratory is being changed to include methods of participant conceptualization in the field.

MENTAL HEALTH STUDY CENTER

The Mental Health Study Center has functioned as a community research and experimental service operation to innovate new methods of service delivery, test their value, and also to provide a sound body of knowledge about the community, its characteristics, its organizations and social systems, and the relationship of these to mental health and mental illness.

As the national movement for provision of mental health care moves from a model based on separate resources to a comprehensive community mental health center model, so the Mental Health Study Center will develop a service program on this latter model to continue its demonstration and innovative role. The Center will serve as a demonstration model for community mental health practices, as a focus for the development of new methods of community collaboration, and as a training center in the principles of community psychiatry and community mental health. In this mission the Center will cooperate with other areas of the Institute and with other agencies in the community on questions of mutual interest and concern.

In addition the Center will serve as a focus for the study of problems and issues faced by centers across the country and as a place immediately available to the Institute for the examination and experimentation with new methods to foster continuing development in the field of mental health care. This will require a significant increase in the clinical operation and the assumption of a responsibility for a catchment area. The objective will be to apply the findings of various levels of research to the field of service to initiate and monitor new programs, and to foster new ways of community linkage and integration of the clinical services into the life of the community.

There remain many unsolved issues in community mental health and a great need to build up appropriate operational concepts for this new method of service operations and to delineate new roles and functions for professional groups operating in these new ways. The Center will give equal emphasis to service, demonstration, clinical and applied research, basic community research, and to the training of professional and subprofessional staff for new roles. The Center will test a variety of new and old hypotheses in community mental health and will examine the impact of programs both on individuals and on the communities from which they come.

Many centers across the country, while recognizing the need for research in this area, may not have the facilities for these activities; the Mental Health Study Center by emphasizing research can make a substantial and necessary contribution to the center movement in the Nation. Clinical studies and program evaluation will, therefore, be paralleled by community studies to look for social and social system factors that are concerned with etiology, maintenance, and modification of emotional disturbance and illness.

Regional staffs

The Institute staff in the DHEW Regional Offices, responsible for carrying out assistance to States, serve as Institute field units providing consultative and technical assistance to State and community agencies and institutions in implementing such programs as inservice training, hospital improvement projects, project grants, grants-in-aid, and construction and staffing of comprehensive community mental health centers. The ultimate goal of regional office operations, to maximize the utilization of resources provided to State and local agencies and institutions, is achieved through the development and implementation of Institute program activities to meet overall State needs at their current phase of development of mental health services.

In the current year the highest priority is being given to development of operating procedures to implement the new Comprehensive Community Mental Health Centers Program and to furnishing the States and communities with the initial and continuing consultation attendant with their participation in this new program. Program guidelines are being revised as necessary to best assist States in implementing their comprehensive mental health plans.

In 1968 high priority will be given to consultation and technical assistance to States and communities in the continuing development of Comprehensive Community Mental Health Centers, both construction and staffing. Special attention will also be given to the stimulation and development of programs in such areas as narcotic and drug abuse, prevention and control of alcoholism, child mental health, crime and delinquency, social problems, suicide prevention, and staff development. Regional Staffs will actively and systematically participate in the planning and coordination of Institute activities to insure maximum benefit to the States from the various Institute mechanisms of support and assistance.

Narcotic Addict Rehabilitation Activities

With the passage of the "Narcotic Addict Rehabilitation Act of 1966" late in the last session of the Congress, the National government modified its approach to the problem of the treatment of the persons who come to it for treatment either as prisoner-patients or citizen-patients. A supplemental appropriation to provide amounts necessary to implement this legislation during 1967 has been proposed. Besides changing the legal criteria for eligibility for treatment at the Federal level, the legislation also authorized activities which the Government could not carry out before. Foremost among these new authorities is the authority for the Surgeon General to provide supervised aftercare services (for those addicts in his custody) averaging 2½ years following their release from inpatient treatment. It has been lack of aftercare facilities, many professionals in this area believe, which has resulted in the high rate of recidivism among addicts released from institutional care.

With the new authorities contained in the recent legislation the following operational approach has been developed.

In keeping with community mental health concepts and to insure that close followup and supervision of the addicts will be maintained, contracts will be let with appropriate facilities near the homes of the addicts. To maintain an overview of the performance of the contracts and insure a high level of professional performance in aftercare and rehabilitation, it is planned to locate PHS personnel in the eleven metropolitan areas having the largest addict populations.

While these contracts will vary in size, it is estimated that it will cost approximately \$11,640 per addict to provide aftercare, treatment and rehabilitation services during the approximately 2½ years he will be in the custody of the Surgeon General in the community.

It is anticipated that approximately 385 addicts will receive aftercare in the second half of 1968. An increase of 36 positions and \$2,849,000 is requested for this purpose.

Also included is an increase of 2 positions and \$95,000 for increased support of the Regional Offices in order to meet the growth in program responsibilities.

There is a reduction of \$4,000 for one less day of pay in 1968 in this activity.

Fort Worth and Lexington hospitals

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits-----	1,072	\$7,591,000	1,072	\$8,434,000	-----	+\$843,000
Other expenses-----		3,376,000		2,106,000	-----	-1,270,000
Total-----	1,072	10,967,000	1,072	10,540,000	-----	-427,000

With the reorganization of the Public Health Service the Fort Worth and Lexington Hospitals have been transferred to the National Institute of Mental Health. Over the coming years the role of the Public Health Service in this area will be modified from one of primarily providing care to addicts to one of developing new knowledge and new methods of intervention, treatment, rehabilitation, and aftercare in the fields of drug abuse, drug dependence (addictive disorders) and specific personality disorders. At present there are almost no centers for clinical research in drug abuse and personality disorders in the United

NATIONAL CLEARINGHOUSE FOR MENTAL HEALTH INFORMATION

As the scientific and technical information center of the Institute, the National Clearinghouse for Mental Health Information has several broad objectives: (1) to establish and maintain a centralized resource for the systematic collection, storage, retrieval, and dissemination of information concerned with mental health; (2) to provide its users, both inside and outside the Institute, substantive information in response to inquiries and on regular distribution basis; (3) to compile, analyze, synthesize, and assess this mental health information in order that it may be effectively utilized in the achievement of the mental health program of the Institute.

Answering individual requests for information is one of the Clearinghouse's most important functions, and the number of requests has increased considerably in the past year. Inquiries covering all types of mental health information are now received from psychiatrists, psychologists, social workers, nurses, administrators, legislators, voluntary associations, students in the mental health field—indeed, from all the mental health community. The various kinds of questions range from those to which a simple straightforward, factual answer can be given to requests for information requiring complex, interpretative replies.

Distribution of information to large numbers of individuals is often accomplished most effectively and economically by publications. The clearinghouse, therefore, has compiled and disseminates a great deal of information through journals or single publications. These include the monthly *Psychopharmacology Abstracts*, quarterly *Mental Retardation Abstracts*, and bi-monthly *Crime and Delinquency Abstracts*. Three specialized newsletters—*Occupational Mental Health Notes*, *Drug Dependence and Abuse Notes*, and the *Psychopharmacology Bulletin*—are issued about every 4-8 weeks. The newsletters contain items on recent programmatic developments, summaries of meetings and conventions, citations to available abstracts or full abstracts, and announcements of interest to individuals working in these particular fields.

Bibliographies on the literature on Community Mental Health, Electroconvulsive Therapy, Electroencephalographic Studies Related to Mental Retardation and Hydrocephalus were published. In process and scheduled for early publication are an Annotated Guide to Mental Health Films; and Annotated Bibliography on Mental Health Education Pamphlets (including a section on effective use of such pamphlets); an Annotated Bibliography on Religion and Mental Health; a 3000-item bibliography on Drug Dependence and Abuse; a 2200-item bibliography on Recent Research on Schizophrenia and a Selective Annotated Bibliography on Suicide Prevention. Information on current research is also collected by the Clearinghouse, and in the areas of mental retardation and crime and delinquency, summaries of the projects appear in the abstract journal.

During 1966 several reviews and state-of-the-art papers were also prepared: "Occupational Mental Health: An Emerging Art," "Schizophrenia and Anti-Psychotic Drugs," "Counseling Parents of the Mentally Retarded," including an annotated bibliography, "Relations between Educational Programs for the Mentally Retarded and Culturally Deprived," "Instrumental Learning in Mental Retardates," and "Correctional Treatment in the Community."

The Clearinghouse is moving as rapidly as possible toward its goal of a fully operational mental health information service in 1968. Complete coverage of the published literature and the capability of answering inquiries based on all published reports should be achieved within the coming year. Expansion of the information base to include unpublished reports, research in progress, and other difficult-to-locate materials will proceed more slowly, but vigorous attempts will be made to have available all these kinds of information.

The integrated systems design will be tested and refined. More adequate computer design and programming is also under way. Abstract journals, newsletters, bibliographies, and reviews concerned with mental health of children, schizophrenia, alcoholism, suicide prevention, violence and other social problems, manpower and training, psychiatric nursing, and mental health services are all being planned; publications should be forthcoming during the next year.

Public Education and Information

As the focal point for public information and education of the Institute, this branch activity plans and carries out services, programs, and projects to inform the media of public communication and the public concerning Institute research, training, and mental health services programs. As well, these include disseminating current knowledge and its application in the many-faceted problems of mental illness and mental health, on subject areas of critical interest to people from alcoholism and narcotics addiction and drug abuse, to suicide prevention and schizophrenia.

Thus, public education activities are extremely diversified and meet both program needs and public and professional interest. The following are examples of their range and diversity:

(1) Public inquiries (with some 16,000 received and handled during the year), press services and materials (numbering over 300 contacts with media and 200 press releases), articles, features, and other materials prepared and distributed as well as television and radio materials;

(2) motion picture films with productions such as a major film on community mental health centers and a new animated film short on community mental health centers;

(3) development and presentation of exhibits on the Institute's programs, with coverage of major association meetings in the mental health field during the year;

(4) publications, with 564,000 Institute educational booklets and leaflets distributed on various mental illness subjects and a new cartoon booklet titled "Hooked", dealing with drug addiction, released in recent months; achieving distribution of over one million copies in the current year.

In the coming year, it is anticipated that demands for services and materials will increase sharply. In the field of publications, new public education materials (including use of the "cartoon" booklet type) are in planning for the furtherance of programs for comprehensive mental health community centers, alcoholism, suicide prevention, narcotics and drug abuse, and other areas. Television and motion picture films and materials will occupy major attention; a series of short documentary films on mental health research accomplishments and on subject areas of great public interest such as delinquency and narcotics and drug abuse, is planned.

Narcotic and dangerous drug information service

For many years it has been apparent that little information has been possessed by the public, and in fact by segments of the mental health professions, regarding narcotic and dangerous drugs. With the growing interest in these fields, it has become critically important that professionals and non-professionals alike, who are involved in programs related to drug addiction and abuse, be well informed concerning this important mental health area. It is planned to develop a scientific and public information program on narcotics and dangerous drugs directed toward all concerned fields and professions, such as education, the universities, medicine, public health, law, and judicial and enforcement agencies; and, importantly, community physicians, mental health workers, volunteer agencies, and the lay public.

An increase of \$1,000,000 is requested for this purpose.

Program management and services

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	323	\$2,413,000	325	\$2,421,000	+2	+\$8,000
Other expenses.....		2,318,000		2,418,000		+100,000
Total.....	323	4,731,000	325	4,839,000	+2	+108,000

efforts, for the National Institute of Mental Health, since its inception, has been the principal Federal instrumentality for carrying out a total national mental health program.

INSTITUTE PROGRAM EVOLVEMENT

The programs of the Institute have gradually evolved from a simple beginning program of psychiatric research and mental health training to a highly complex, diversified system of Federal support on a broad national basis which embraces community services, professional and technical assistance, demonstrations, special projects and training of both professional and nonprofessional workers, in addition to programs of support for construction and staffing of service facilities and the conduct of research.

Senator HILL. What year was it that the Congress established the National Institute of Mental Health, do you recall?

Dr. YOLLES. In 1948.

Senator HILL. That is what I was thinking, 1948. It is about 19 years old. It hasn't yet quite reached maturity.

Dr. YOLLES. No, but it will by next year.

Senator HILL. That is your job to bring it into maturity, isn't it?

Dr. YOLLES. I would hope so.

Senator HILL. All right, will you proceed?

COMPLEX FAMILY OF DIVERSE DISCIPLINES

Dr. YOLLES. At the same time, the Institute's programs have drawn into the mental health field a complex family of diverse disciplines: the biological, the clinical, the service, the social, the cultural, and the behavioral.

PROBLEM AREA CONCERNS

To carry out its mission of "improving the mental health of the people of the United States," it has of necessity been concerned and involved with urban and rural problems, health insurance programs, logistics of mental health care, housing and mental health, human relations, problems of automation, cultural deprivation, as well as a host of others.

OTHER AGENCY INVOLVEMENT AND WORK

On a daily basis, the NIMH works with about 100 units in some 30 other Federal agencies ranging from NASA to Agriculture. Between 80 and 100, which is about 30 percent, of the Institute's professional staff are engaged in liaison work with these agencies in a wide variety of fields.

In some cases, staff serve full time on detail, or part time with particular agencies, for example, Peace Corps, OEO, HUD, St. Elizabeths Hospital, the National Crime Commission, FDA, et cetera. It is expected that in the course of carrying out its mission, these activities will increase in scope and number.

The resulting heterogeneity of programs and the subtle interrelationship of professional skills bent to a common set of goals has made the activities of the NIMH both the most varied and complex and one

of the most delicately interwoven of any set of Public Health Service programs.

They offer, however, both the stimulus and the opportunity for innovative approaches and demand new modes of conceptual thought.

RESEARCH AND TRAINING ACTIVITIES

The resultant research and training activities in the behavioral and social sciences as well as the clinical must range far beyond the traditional biological and biochemical approaches.

Further, the juxtaposition of service with research programs and of these programs with applied programs has yielded a program pattern within which (a) the findings of research can be most rapidly translated into techniques for treatment and care, and the training of new specialists; (b) developments and findings of control programs at the local and State level immediately signal the need for new emphasis in research, in manpower training, or in the provision of treatment facilities; (c) coordinated mental health data collection activities are simultaneously of immediate use to the bench scientist, to State and local control programs, and to the program planner and policymaker at all levels of government.

In short, research, service, control, assistance, training, and demonstration programs have become inextricably interwoven in a basic pattern of mutual reinforcement which can be neither artificially reproduced nor fundamentally modified without program injury.

APPLICATION AND UTILIZATION OF RESEARCH FINDINGS

The mental health program has from its inception deliberately placed special emphasis and has made special programing efforts in the field of application and utilization of research findings.

For example, the Institute has brought together university trainers and State and local users of personnel to plan together. It has involved the universities directly in the new community mental health program and supports over 100 grants in community mental health training alone.

In research, the Research Utilization Conference, developed by the Institute, has been a most successful tool in translating new findings into practice as well as in the training of professionals.

Senator HILL. The community mental health program has been tremendously productive, has it not?

Dr. YOLLES. Yes, it has, sir. The building of the community mental health centers added a great deal.

Senator HILL. Will you proceed.

WOOLDRIGE COMMITTEE PANEL ON BEHAVIORAL SCIENCES

Dr. YOLLES. In its report to the President, the Wooldrige Committee Panel on the Behavioral Sciences concurred in this approach:

With the accelerated accumulation of new scientific knowledge it becomes an even more pressing issue to maintain and develop mechanisms for the testing out and translating of fruits of research at the level of practical application.

The close link between training and research at NIMH in particular, appears

SUICIDE TOLLS

Dr. YOLLES. That is right.

The toll of suicide, however, cannot be communicated in statistics alone, for its psychological costs are high to both family and community.

In addition to the trauma of death itself, each survivor of a suicide, family members, friends, and associates, must handle feelings of shame or guilt.

No other kind of death in our society carries such stigma, or creates such lasting emotional scars.

INSTITUTE'S CENTER FOR STUDIES OF SUICIDE PREVENTION

The Institute's Center for Studies of Suicide Prevention—now under the direction of the Nation's leading authority in the field—will coordinate an attack on the problem, encompassing support throughout the country of research, training, service, and demonstration activities, as well as of direct research programs within the Institute itself.

In the interests of a nationwide prevention program, investigators are developing diagnostic and predictive tests to identify those who are high suicide risks—for example, through measurable changes in certain adrenal hormone levels which may serve as a biochemical indicator of extreme stress, and therefore of suicidal intent in depressed persons.

Senator HILL. That is something that we had not done until recently, isn't that true?

Dr. YOLLES. That is quite right.

Our aim is not only to improve therapeutic techniques in dealing with the depressed and suicidal patient, but also to develop a large cadre of professionals in the field—physicians, teachers, lawyers, clergymen, nurses—who are sensitive to new information in the area.

RECOGNITION OF SUICIDAL SIGNALS

Of special importance is the need to recognize the ways in which potential suicides signal their distress, the warnings they inevitably communicate as they desperately seek help.

Two-thirds of those who attempt suicide have recently visited a physician—putting physicians, among others, in a strategic position to identify the potential suicide's cry for help and to respond adequately.

Senator HILL. In other words, in two-thirds of the cases we really have a warning, don't we?

Dr. YOLLES. That is quite right, sir. In about 82 percent of all cases of suicides, they have given some indication in one way or another, most often in guarded fashion, that they intend to do so.

OTHER MAJOR PROBLEM AREAS

Through equally intensive and coordinated efforts, we are working toward the solution of other major problems as well—problems posed,

for example, by the alcoholic, the drug abuser, the emotionally disturbed child, and the criminal and delinquent in our society.

CRIME AND VIOLENCE

The span of our efforts in such areas is reflected by our method in approaching problems of crime and violence. At the most basic level, we are following leads that suggest the possibility of specific drug therapies for offenders, found to be atypical in their responses to medication; in rehabilitation, we are developing programs of education and vocational opportunities for offenders, having demonstrated the value of such programs in reorienting the life of the criminal; and, in the interests of prevention, we are identifying those traits that may be common to offenders—and those characteristics, too, that may be unique to victims of violence.

Recently, the Institute began support of a large-scale university-based center for the study of violence in communities across the Nation. And, staff members have served as consultants and advisers to the President's National Crime Commission.

RESEARCH

BEHAVIORAL SCIENCES

The basis of all our efforts is the Institute's research program, which continues to grow in size and variety. Over 40 percent of the NIMH research program is devoted to work in the behavioral sciences—encompassing studies designed to identify those physical, psychological, social, and cultural factors that shape human behavior; here, too, the NIMH has been at the forefront of change—in supporting and enlarging the role and the relevance of the behavioral sciences in the interests of the Nation's health.

Such basic studies provide the groundwork for productive clinical and applied research directed toward the resolution of specific problems in mental health.

BIOLOGICAL SCIENCES

In the biological sciences, explorations in basic research have been the springboard for advances in a number of different areas—in the containment and control of the schizophrenic's deterioration, in the treatment of depression, in our ability to help decrease the abnormal cravings of the drug addict.

PHYSICAL MECHANISMS

A few decades ago, physical mechanism in mental illness were seldom the subject of rigorous scientific inquiry. Today, in contrast, studies by increasing numbers of productive scientists are converging on mechanisms in the body—errors in metabolism, or biochemical imbalances—which either trigger or perpetuate pathological behavior in man.

Among them are investigators who research for unique blood factors associated with schizophrenia, or the role of brain chemistry in

standing of the metabolism and normal physiology of these important hormones.

As a result of this work, the effects of drugs used in treating major psychiatric illnesses have been further clarified.

The Laboratory of Clinical Science began a study in 1957 of the metabolism of epinephrine. Dr. Julius Axelrod, in the course of the next 3 years, had defined the pathways by which the hormone is metabolized, and had characterized a new enzyme which played a major role in its inactivation.

This work initiated a succession of important contributions by Axelrod, Kopin, and a large number of scientists of the NIMH and elsewhere to present knowledge of storage, metabolism and release of adrenaline and noradrenalin at the sympathetic nerve ending and in the brain, which promise to explain the action of a number of drugs of value in medicine and psychiatry.

This work has also led to the development of analytical techniques for measuring the output of these two hormones in man and its relationship to a large number of normal and abnormal mental and physical states.

PART PLAYED BY THE ADRENAL GLAND AND ITS PRODUCTS

Institute scientists and others have shown that byproducts of the gland, 17-hydroxycorticosteroids (17-OHCS), are found in high quantities in urine of some severely depressed individuals.

The levels fluctuate according to the course of the depression. The possible use of 17-OHCS levels in the prediction of suicidal potential is being evaluated jointly with the Los Angeles Suicide Prevention Center.

ROLE OF ELECTROLYTES

Researchers in England have reported that sodium, which is present in common salt and in all body tissues, appears to be increased inside the cells during depression and during mania as well.

To test this further, the NIMH is attempting to make direct measurements of intracellular sodium in depressed patient, both before and after successful treatment.

In the body, all of these biological processes interact with one another. Lithium, which affects behavior in a predictable and reversible fashion, may help in mapping some of the complex biochemical relationships in mental illness and perhaps give information about the physiological and biological processes which determine normal as well as maladaptive behavior.

PSYCHOPHARMACOLOGY OF LITHIUM ION AND MENTAL DISORDER TREATMENT WITH LITHIUM

The National Institute of Mental Health is presently supporting two studies on the psychopharmacology of the lithium ion. Additionally, we are actively working with the Veterans' Administration in setting up a collaborative study involving the use of lithium in the treatment of mental disorders.

To speed work on the depressive disorders, we have formed a National Ad Hoc Committee on Affective Disorders—depression and mania—made up of prominent scientists and headed by Dr. Bunney.

The committee will recommend promising avenues of approach for an intensified national program to combat the depressive disorders.

To date, lithium is classified by Food and Drug Administration as an experimental drug, and it is not available either in over-the-counter sales or for use by prescription.

LIKELY FIRST MAJOR PSYCHIATRIC ILLNESS TO YIELD TO CURATIVE MEASURES

We intend to continue our emphasis on research efforts focused on specific and critical problems. Because, after years of effort, it now appears likely that depression will be among the first major psychiatric illnesses to yield to curative measures, we have begun, for example, to devote increased energies to the development of newer and more rapid-acting antidepressants.

DRUG ADDICTION

And, because of the promising new drugs available to counter drug addiction, we can now develop more effective and comprehensive techniques for treating and rehabilitating abusers.

Through such efforts, the Institute will stimulate the continuing interest of the scientific community in the biology of mental illness.

SOCIAL SCIENCES

In the social sciences, too, we are extending and focusing our activities.

We are already gaining, for example, a clearer understanding of the importance of early experiences and impressions in the life of the child—how attitudes, values, and standards develop. We are achieving new insights into the complex patterns of family interaction—how they can spawn abnormal behavior and, more importantly, how the family can be used as an instrument in helping the patient recover; for example, within our own laboratories, investigators have developed techniques to predict the type of psychopathology to be found in an offspring from a knowledge of the style in which family members communicate and relate to one another.

We are seeing more clearly some of the psychological and social frustrations that lead to aggressive behavior and delinquency. And, we are tracking the psychological factors that help generate physical illness; recent studies, for example, suggest that feeling of despair and hopelessness in handling a difficult life situation may be associated with the origin of a wide range of physical diseases—even including infectious diseases, cancer, and other disorders not usually associated with psychodynamic factors.

Senator HILL. That is a new discovery?

Dr. YOLLES. That is quite right.

Senator COTTON. You mean these mental disturbances or illnesses are suspected of actually contributing to the cause of disease?

Dr. YOLLES. Not so much the cause, but to the pattern that the illness takes. For example, where feelings of utter helplessness and hopelessness exist, as regards a recent situation, from such information the investigators have been able to predict the presence in patients of a concurrent cancer, or in this case a concurrent cancer, and it plays a role in the severity and swiftness of the course that the disease takes.

Senator COTTON. That is, they might have ultimately had the cancer anyhow, but it develops much sooner and much faster under these conditions.

Dr. YOLLES. That is right.

Such work is based on an awareness that man is not only a biological unit, but a social being as well—that he is a product not alone of his body chemistry and neurophysiological makeup, but of his environment, and his culture, and his times.

INDIVIDUAL'S UNDERSTANDING OF PATIENTS' TOTAL LIFE

In the field of mental health—more so than in any other field of public health—an understanding of the individual's total life setting assumes crucial importance.

SCHIZOPHRENIA

Recently, for example, the Institute initiated support of an international pilot study of schizophrenia. Scientists participating in the study—to be pursued by the World Health Organization—will devise and then apply standardized procedures for identifying schizophrenics, for understanding their behavior, and for assessing the effect of cultural and social variables in the disease.

Through such studies, behavioral scientists continue their groundbreaking efforts to apply the fruits of research to an understanding of the psychological, social, and cultural factors in the etiology, course, and treatment of mental illness.

RESEARCH BRIDGING BIOLOGICAL AND SOCIAL SCIENCES

MULTIDISCIPLINARY PATTERN DEVELOPMENT

Many of our research efforts bridge the worlds of both the biological and the social scientists. That bridge represents still another important change nurtured and fostered by the Institute: The development of a multidisciplinary pattern in mental health research. The family of scientists in mental health is growing more heterogeneous with each passing year—encompassing now a broad spectrum of investigators in the medical, biological, and behavioral sciences.

RELATIONSHIP BETWEEN BRAIN AND BEHAVIOR

Typical are those who devote their careers in science to the achievement of a fuller understanding of the complex relationship between man's brain and his behavior—among them psychiatrists, psychologists, biochemists, pharmacologists. A knowledge of the mechanisms through which the brain and central nervous system control and regulate behavior is essential if we are to fully understand and control emotional disturbances.

IDENTIFYING BRAIN FUNCTIONS

Investigators are identifying the brain's functions in such human capacities as perception, learning, and motivation. And, they have

begun to localize neural centers apparently associated with some basic human drives—including aggressive behavior.

Each study provides fresh evidence of the brain's plastic properties and the potential this gives us for altering aberrant behavior.

SLEEP RESEARCH

Another example of multidisciplinary scientific efforts, fostered largely by the Institute, is the growing field of sleep research.

In our studies of sleep, scientists have contributed findings of immediate and practical importance showing, for example, how the identification of a patient's sleep patterns may help us to foresee and treat a variety of emotional disorders.

Sleep difficulties are seen today as the precursors of many mental illnesses—the prelude to attacks of depression, and the harbinger of suicide attempts and acute schizophrenic episodes.

RESEARCH APPLICATION

Our progress in research—in understanding some of the enigmas of human behavior—is gratifying. But we are aware that the pace of scientific discovery must be matched by the application of the fruits of the mental health sciences to the pressing and immediate problems of mental health and illness. We continue therefore to seek opportunities to use basic research knowledge and theory in the solution of the everyday problems of the mentally ill.

APPLIED SCIENTIFIC DEMONSTRATIONS

We have, for example, demonstrated how the intellectual performance of mentally retarded children, suffering the penalties of cultural deprivation, can be improved through the use of carefully programed instruction. We have shown how parole failure rates among delinquents can be reduced; how careful and wise foster placements can transform the destiny of a rootless child; what can be done to restructure the tangled life of the unwed mother; how the aged can be helped to a life of greater service and serenity; and how the chronically ill mental patient can be motivated to function more independently and productively. Such efforts have had a remarkable and cumulative effect: they have worked a revolution of change in society's attitudes toward the mentally ill, bridging the psychological gap between the isolated hospital and the community; and they have restored dignity and hope to the millions among us who are victims of mental illness.

IMPROVING STATE HOSPITAL PROGRAMS

We are transforming, too, the character of the State institution and its role in the care and the treatment of the mentally ill. For over a century, America's State mental hospitals have been the major resource available for the seriously disturbed, virtually their last hope for psychological survival.

Although our community mental health programs are fast changing the face of mental health care across the country, we must never-

theless continue to devote our urgent concerns to those patients who must still be cared for and treated in existing mental hospitals.

This we have done—to the lasting benefit of thousands of our mentally ill.

HOSPITAL IMPROVEMENT GRANT PROGRAM

In the 3 years since the inception of our hospital improvement grant program, awards have been made to over half of our State institutions for the mentally ill and retarded.

Every State has received at least one grant and 18 have grants for all of their eligible institutions.

THERAPEUTIC SERVICE IMPROVEMENT

Improvements in therapeutic services have now reached nearly 200,000 hospital patients—the emotionally disturbed child and the senile psychotic, the mute depressive and the agitated criminal offender, the acute schizophrenic, and perhaps most important, the chronic patient who has languished in the back ward, a prisoner of outmoded medical care.

INSERVICE TRAINING PROGRAM

In a related program, over 50,000 hospital attendants and aides have improved their skills, as nearly two-thirds of all eligible State institutions now participate in our inservice training program. We have thus enhanced the capacities of those who remain a major source of human contact for the mentally ill.

MANPOWER

PSYCHIATRISTS, PSYCHOLOGISTS, SOCIAL WORKERS, AND NURSES

All of the goals we seek continue to demand the most skilled manpower our country can supply. And here, too, our efforts have wrought change. The scope of the Institute's training programs extends today beyond those disciplines traditionally recognized as the "core" of mental health manpower—psychiatrists, psychologists, social workers, nurses. We have increased that core by nearly half since 1960—from 44,000 to 64,000.

CLERGYMEN, JUDGES, TEACHERS, AND ADMINISTRATORS

But equally important, our efforts now reach a new range of individuals to whom those in trouble often first turn for help—clergymen, judges, teachers, administrators—all of whom have now begun to work toward the improvement of preventive mental health services, and the treatment of the mentally ill.

PILOT AND EXPERIMENTAL PROJECTS

Through pilot and experimental projects, we continue also to create innovating training programs, many of them emphasizing new concepts of community-based mental health services.

INFORMATION ACTIVITIES

In support of all its efforts, NIMH continues to pursue vigorous information programs directed both to the professional and lay public. These activities aid in the interchange of current data among scientists, in the communication of the latest findings to those in the best position to apply new knowledge, and in the dissemination of useful mental health information to the public at large.

NATIONAL CLEARINGHOUSE FOR MENTAL HEALTH INFORMATION

The National Clearinghouse for Mental Health Information provides a growing base for the collection and utilization of current knowledge in the mental health field. The clearinghouse functions as a center for the evaluation of scientific information—collecting, processing, and disseminating data in such varied fields as drug abuse, psychopharmacology, occupational mental health, and schizophrenia. With the growth of its technical capacities, the services of the clearinghouse now reach increasingly large portions of the research and clinical communities, for example, through a growing output of published reports.

Currently, too, over 50 requests per day for scientific information on specific subjects are received and answered as part of the developing array of activities of the clearinghouse.

INSTITUTE PUBLIC INFORMATION ACTIVITIES

The public information activities of NIMH are also growing to meet the mental health needs of our citizens. To advance the community mental health centers program, for example, that program has been the subject of a series of special publications, magazine articles, newspaper stories and features, exhibits, TV programs, and motion pictures.

And, as one more example, information on drug abuse has been disseminated in the form of nearly 2 million copies of a special booklet directed at young people. Through such activities, the Institute continues to insure that the gains made through technical and scientific endeavors will be put to use by an informed citizenry.

NATIONAL PROGRAM

In our total efforts, we have not acted alone; we have been partners with American society. Our role has been not only to induce change, but to respond to the changing needs of our society—to the stirring of new and growing mental health problems on the American scene.

In fact, the new organization structure of NIMH reflects that dual process.

We will continue, for example, to develop new vistas in clinical and behavioral research; but we have also reacted to the need for focused studies—stimulated, for example, by our burgeoning problems of metropolitan life.

We will continue to prod and stimulate changes in outmoded traditions of mental health care; but we have also organized special centers to cope with the need for new knowledge and new techniques to deal

with mounting public health problems such as suicide, alcoholism, drug abuse, and crime and delinquency.

Our advances vindicate our approach. Ours has not been change idly pursued for the sake of change alone; rather, our altered concepts and techniques are rooted in scientific inquiry and careful assessments of alternatives.

ADVICE OF MENTAL HEALTH AREA NATIONAL LEADERS

In building our programs, we seek the considered advice of national leaders in all areas related to mental health. Toward this end, the Institute recently invited over 200 persons from academic and research settings, State programs, voluntary and citizen organizations, and legal agencies—to serve as members of ad hoc advisory committees in areas ranging from schizophrenia to metropolitan mental health problems, from behavioral science to mental health financing.

Through such activities, we propose to maintain rapport with professional and lay leaders across the Nation. Because we are concerned with man's total behavior, we are attuned to the major tides and pressures of American life.

Our overall mission has not changed. It remains simply to improve the mental health of the people of the United States. Toward this end, we shall integrate our efforts in the mental health field with our Nation's quest for better health for all of our citizens.

BUDGET REQUEST

The request for 1968 is \$248,472,000 as compared with an operating level in 1967 of \$227,218,000. There is an increase of \$21,254,000 which is spread among the activities of the Institute for ongoing and new programs.

REDUCTIONS

Senator HILL. The Department cut your request down by what figure?

Dr. YOLLES. Our original request was for \$268 million.

Senator HILL. The Department reduced this to \$260,377,000; is that right?

Dr. YOLLES. That is quite right.

Senator HILL. What would be the effect of these reductions?

Dr. YOLLES. As with any such reductions which are across the board, this will slow up the progress we are making toward resolving some of the basic issues which remain in the field of mental health and clearing up some of the gaps which exist in information. It won't damage the program terribly, but it will slow up the progress that we are making.

ACTIVITY EXPANSION

Senator HILL. The truth is that in the 19 years that NIMH has been in existence, it has tremendously increased its work in this field of mental health, has it not?

Dr. YOLLES. Yes; that is right. Our activities have been constantly expanding. We are now at a point where we see the payoff for some

of these activities, the development of community mental health programs.

Senator HILL. You have made that very clear in your statement of how we have reduced the inmates in these mental hospitals, is that right?

MENTAL HEALTH PROGRAMS

Dr. YOLLES. That is right. It is one of the most striking improvements in the mental health program.

Senator HILL. Because up to a few years ago, the population in these hospitals kept going up and up, is that right?

Dr. YOLLES. Exactly, sir. The resident population was expected to continue to go up. With the introduction of the new psychiatric drugs, and the introduction of an awareness of a community approach, and with the development of psychiatric services in general hospitals, it has changed the approach to mental illness sufficiently to engender hope not only in patients but also in the staffs of these hospitals, resulting in a greater number of patients released to the community.

NARCOTIC ADDICTION REHABILITATION

Senator HILL. I was going to say that there is a lot of interest in the program for narcotic addiction, and the Rehabilitation Act of 1966. The act, in section 402 "authorized an appropriation of \$15 million for each of the fiscal years 1967 and 1968." Are there any funds sought for these grants, in the pending supplemental estimates or in the 1968 budget estimate?

Dr. YOLLES. There is a supplemental request for funds to implement the act which is presently before the Congress. It has been heard in the House but it has not been heard in the Senate as yet.

BUDGET REQUESTS

We have requested a total of \$2 million as a supplemental for fiscal year 1967. This will not implement any of the parts of section 402 of the act. However, the request in 1968 for a total of \$10 million to implement the act will allow for \$504,000 for research grants in this field, and it will allow for \$4 million for construction, operation, and staffing of addiction service facilities in the community.

COMPARISON OF BUDGET REQUESTS AND AUTHORIZATION

Senator HILL. How does that allowance compare with the authorization in the act?

Dr. YOLLES. The act authorizes \$15 million for each of 2 years, 1967 and 1968. However, with the legislation coming in midyear, and a supplemental coming late, there was very little chance of effecting or of developing a large-scale program, and consequently we have not had any funds authorized for implementing section 402.

As far as the 1968 budget is concerned, because we had not started in 1967, it was felt that a slower start should be made and consequently instead of requesting a total of \$15 million for grants, a total of \$5,504,000 to implement section 402 of the act was requested.

BUDGET BUREAU REDUCTION AND ITS EFFECT

Senator HILL. Was that the request of the Institute?

Dr. YOLLES. No, sir; the Institute had requested the full amount for 1968, to implement the act.

Senator HILL. But the Bureau of the Budget allowed a lesser amount?

Dr. YOLLES. That is right.

Senator HILL. If you had the full amount, do you think that you could use it to good results?

NEW YORK CITY NARCOTIC ADDICTION PROBLEM

Dr. YOLLES. As you know, sir, the problem of narcotics addiction is localized to certain parts of the United States, with half of the problem resident in New York City alone.

From requests we have had, I think New York City alone could use the funds and more than we have available. We feel on the basis of experience, that requests for much more than has been allowed will be coming in.

Senator HILL. From New York, you mean?

Senator COTTON. What is the State or the city doing?

Dr. YOLLES. The State of New York has a very active program and it has had for the last 4 or 5 years.

Senator HILL. How much money is involved?

Dr. YOLLES. They expect to put in—the Governor has said he expects to put \$85 million into a program of narcotic addiction control.

Senator HILL. Over what period of time?

Dr. YOLLES. This would be available for capital improvement as well as programing in this coming year.

Senator HILL. That is \$80 million for this coming fiscal year?

CALIFORNIA NARCOTIC ADDICTION CONTROL PROGRAM

Dr. YOLLES. That is right. California also has a very active program.

Senator HILL. How much are they putting in?

Dr. YOLLES. I don't have the figures on the California expenditures, but they are not quite as large as those for New York.

Senator COTTON. That is the State of New York?

Dr. YOLLES. Yes, sir.

Senator HILL. Could you supply those figures for the record?

Dr. YOLLES. Yes, sir; we will do that.

(The information follows:)

The current budget for the State of California is \$8,168,000.

FEDERAL CONTRIBUTION TO NEW YORK PROGRAM

Senator COTTON. Roughly, what is the Federal Government putting into the New York area?

Dr. YOLLES. Into the New York alone?

Senator COTTON. I want to get a comparison with the \$80 million that the State of New York proposes to put in.

Dr. YOLLES. At the present time, it is about \$3 million in research grants, and training grants and service programs in the area of addiction.

FUNDS ALLOCATION

Senator COTTON. Now, this request for \$248 million plus, is that before or after the reduction by the Bureau of the Budget?

Dr. YOLLES. It is after the reduction. That is the administration request.

PERSONNEL

Senator COTTON. Some percentage of whatever you get after fiscal 1968 can be assigned to higher costs and higher salaries, some of it for additional personnel in your organization?

Dr. YOLLES. That is right.

Senator COTTON. Roughly how much is for increased personnel?

Dr. YOLLES. For 1968, an increase of about 61 persons.

Senator COTTON. That is here in Washington?

Dr. YOLLES. Both in Washington and in our regional offices around the country.

Senator COTTON. That is in the budget now?

Dr. YOLLES. Yes, sir.

RESEARCH

Senator COTTON. Roughly what portion of the increase is to extend the activities in getting the benefits of your discoveries, and your research to the stream of the public?

Dr. YOLLES. It is a little difficult to put it in terms of an exact figure.

Let me answer the question in this fashion: As I stressed in my statement, the NIMH has a total program, and by this we mean that we are administering a program which deals with all aspects of the mental health problem—research, both in the laboratory and in the field, and training, both here in Bethesda as well as support in all of the universities, support of institutions and resources outside, and professional and technical assistance to the States.

All of these program efforts relate closely to one another, so that the findings of research can be immediately translated into the training of new professionals in the field. The latest information and findings in the field of application in communities, community mental health centers, are immediately fed back to the program so that they can be fed into the training of individuals, as well as fed back into research for further refinement and development.

REGIONAL OFFICES

Senator COTTON. When the budget officer speaks of regional offices, is that the term that you used, or is he referring to what we call the mental health centers?

Dr. YOLLES. No, the regional offices are sites where we have field representatives. We have mental health professionals in the nine regional offices of the Department of Health, Education, and Welfare. They give professional and technical consultation to the States in their region on all of the programs of the Institute.

RESEARCH INFORMATION DISSEMINATION

Senator COTTON. Well, you have given us a most interesting and thrilling report on the progress of your research.

The last part of your presentation touched on getting to the people and getting it where it would actually affect people. When I was a kid on the farm, we lugged water from the spring up in back of the house in buckets and pails and I was 10 years old before we were able to lay a pipe and get the water into the house.

What I am interested in right now is the activity, getting it to where it goes to the people that need it—the benefit of all of your marvelous discoveries.

COMMUNITY MENTAL HEALTH CENTERS

Dr. YOLLES. You are referring, Senator, to the community mental health centers program?

Senator COTTON. Of course, I recognize that you are getting to the people who need it when you work with the State institutions. I realize that you have touched on the material and information that you send out both to the medical profession—and I assume that includes general practitioners everywhere—as well as lay people like teachers, preachers, and so forth.

But I am interested in your being a little more specific when we get down to the real job of working over this budget and seeing how much we can squeeze out for you. I am deeply interested in the work for reasons that you are already aware of; but I am also interested in how much of the money that we are able to get for you over and above what you had in fiscal 1967, not so much in percentage or dollars, but a general idea of the proportion that is going to get into the communities of the country and to the people who are suffering from depressions and other mental conditions. How much of the money that we get for you in general is going to get to the people?

REGIONAL AND FIELD ACTIVITIES

Dr. YOLLES. The account which deals with this in largest measure, since most of our accounts will deal with this in one way or another, in terms of giving consultation and getting new information out, are our regional and field activities so called.

That is where consultation to States and communities and institutions is supported. We now have \$4,648,000 in the budget in that area. This is for the personnel to do this work.

Senator COTTON. That is out of a \$248 million budget?

Dr. YOLLES. That is right. Most of our funds are used for support of grants, both for training and for research.

Senator COTTON. Part of that research, and I am far from depreciating, but some of the courses for personnel that—

Dr. YOLLES. A small portion of the research grants are related to the administration of the total research program. Most of the dissemination of information, the utilization of research findings are handled by our direct operations, in our regional and field activities.

These are the individuals who disseminate this information, and

who hold the conferences with State personnel and the community personnel to get the new advances out into the field.

Senator COTTON. I represent a rural State and the largest city in my State is slightly less than 100,000. I realize that you have a regional activity probably in Boston.

Dr. YOLLES. That is quite right.

STATE MENTAL HEALTH AUTHORITIES

Senator COTTON. You operate through the State welfare agency.

Dr. YOLLES. The State mental health authority.

Senator COTTON. I think our State department is entitled "Health and Public Welfare." It has to do with the distribution of these things. You operate with them, do you?

Dr. YOLLES. Yes, sir. They are the mental health authority in the State.

Senator COTTON. And it gets to the point where a social worker goes to investigate a home because of poverty and other oppressive conditions; that social worker has some training at least that allows him to detect the need of psychiatric treatment.

Dr. YOLLES. We would hope that they would, and we work with the State departments concerned to improve the level of personnel, and to help them recruit personnel.

DISCUSSIONS WITH COMMISSIONERS ON SPECIFIC MENTAL HEALTH PROBLEMS

Senator COTTON. Do you hold seminars with these departments?

Dr. YOLLES. Yes, sir. We bring the commissioners in from time to time, to discuss the problems. For example, Dr. Bramwell, who is the commissioner, has been in Washington recently a number of times, meeting with us to discuss specific points of the mental health program as they relate to the State.

Senator COTTON. And then Dr. Bramwell goes back and it is up to him to train his social workers?

HOSPITAL PROGRAMS

Dr. YOLLES. Yes, sir. Now, in terms of a hospital program, for example, our regional office personnel will consult with hospital superintendents and with the State authorities about the development of hospital improvement projects in the State, to improve the care and treatment of patients in the State hospital. They also offer consultation and assistance for in-service training programs to improve the level of competence of personnel in the State hospitals.

CONSULTATIONS WITH LOCAL COMMUNITIES

Senator COTTON. How about county institutions, like county farms, county homes, and county hospitals?

Dr. YOLLES. Well, insofar as the State authority deals with them, we would deal with them. Occasionally, we have a request and we go with the State authorities to consult with local communities about their special problems, but by and large we deal through the State.

MENTAL HEALTH CENTERS

Senator COTTON. In other words, the only spots where you are carrying directly to the people the benefit of these advances is in the mental health centers. How many mental health centers are there?

Dr. YOLLES. By the close of business this fiscal year 1967, there will be 286 such centers funded in the United States.

Senator COTTON. This is mostly in metropolitan areas?

Dr. YOLLES. No, sir.

Senator COTTON. Well, you surprise and please me.

It is not that I don't want to see cities taken care of, don't misunderstand me.

Dr. YOLLES. It has been a pleasant outcome for us. There have been people who said that the community mental health center was essentially a metropolitan or urban device. But actually, and this is in my other statement on the other appropriation, about one-third of the centers funded so far are in metropolitan areas.

Another third are in the rural areas, in cities of 50,000 or less, which is the hub of the center project.

STATE GRANT-IN-AID FUNDS

Dr. GEHRIG. In terms of providing resources, there is the additional provision of funds through the Comprehensive Health Planning and Services Act, which will provide grant support to States and to local communities at all levels.

This is a rather significant figure. I don't know whether you have that information with you or not, Dr. Yolles, but—

Dr. YOLLES. I think 1967 remains the same as 1966. For that year it was \$6.75 million that was available for State grant-in-aid funds.

Senator HILL. That is separate from these funds we have been talking about?

Dr. YOLLES. Yes, sir.

STATE INSTITUTIONAL CARE IMPROVEMENT

Senator COTTON. You say improvements in therapeutic services have now reached nearly 200,000 hospital patients, emotionally disturbed children and senile psychotics, and you go on to list others.

Those 200,000 hospital patients are mostly in State institutions?

Dr. YOLLES. Those are all in State institutions. This is a special program devised to improve the level of care in the State institutions. It is an interim program, while we progress toward the community mental health centers.

DISSEMINATION OF MENTAL HEALTH INFORMATION

INTERCHANGE BETWEEN BUREAU AND VETERANS' ADMINISTRATION

Senator COTTON. I suppose the veterans hospitals are being reached through the VA.

Dr. YOLLES. That is right. It is not through this program.

Senator COTTON. But are they getting the benefit of it?

Are the medical authorities of the VA getting and disseminating the full value of what you are doing and finding out?

Dr. YOLLES. Yes, sir. The Chief of Psychiatry for the Veterans' Administration, who is responsible for the administration of the programs in psychiatry, is a member of the National Advisory Mental Health Council, which is the advisory group to the National Institute of Mental Health. In reciprocal fashion, I am a member of his advisory council, so that we can interchange information at all times. He is aware of all of the latest findings in research and in training which go through the council, as I am in his institutions.

Senator COTTON. Some of these veterans hospitals are mental institutions?

Dr. YOLLES. That is right.

VA HOSPITAL AFFILIATION WITH COMMUNITY MENTAL HEALTH CENTERS

Senator COTTON. I am familiar with the one at Togus. Do you have any more direct connection with them, or more direct passage of transmission of information to them, or is that all through the Chief of Psychiatry of the Veterans' Administration?

Dr. YOLLES. Principally through the Chief of Psychiatry, but also through the National Clearinghouse for Mental Health Information where information is available to them on request. The passage last year of new legislative authority for the Veterans' Administration to exchange facilities and exchange information will allow many of the Veterans' Administration hospitals to become affiliated with the new community mental health centers in their communities.

NATIONAL CLEARINGHOUSE

Senator COTTON. Suppose a middle-aged patient is taken to a small local general hospital with a physical complaint, and he may have, as you have pointed out very interestingly a real mental health problem. How does your information and your training get to those small private hospital institutions? Or does it get to them?

Dr. YOLLES. The principal means for getting information to them is through the National Clearinghouse for Mental Health Information. This was the purpose for which it was established.

Senator COTTON. That means in the form of publications?

Dr. YOLLES. No, sir, not entirely. Upon request from any individual, any professional in the field, we will supply information on all sorts of programing, research findings and training, and so on. Merely upon request of such a professional individual.

The reason for establishing the National Clearinghouse about 6 years ago was the fact that we had a burgeoning of mental health programing, new experiments going on, and new hospitals opening up, and experiments in different parts of the United States. One experimenter didn't know what the other was doing. There was a great need for some means of bringing together all of this information in one central spot, and to be able to feed this out to all of those interested.

We are still not working up to full capacity, but we have about 50 such requests per day from interested professionals. This is the principal source of dissemination, in addition to publications that we send out, and scientific meetings and special conferences which are held, to which private physicians are invited as well.

PSYCHIATRIC TRAINING PROGRAM FOR GENERAL PRACTITIONER PHYSICIANS

Senator COTTON. This program of teaching—or not teaching but giving refresher courses and bringing up to date, general practitioners or physicians so they can detect the symptoms and at least recognize the problems of mental illness—is that widening?

Dr. YOLLES. That program is expanding. To date we have trained or have given courses to about 11,000 general practitioners, that is short-term courses. We have supported that training.

The actual training is given by a variety of local and State medical groups, institutions, and universities.

Senator COTTON. It seems to me that, next to your advances that you are making, this is almost the most important part of your whole program.

Wouldn't you agree that that is almost one of the most important parts?

Dr. YOLLES. It is one of the most important elements. One of the principal elements is the training of manpower to have adequate personnel to take care of the needs of the mentally disturbed in the United States.

One of the chief supports for this program is the general practitioner. We have been talking for many, many years about training the general practitioner to take care of those kinds of mental and emotional disorders that don't really need the highly specialized services of a psychiatrist. We have made a start in this, but we have to go much further in this area.

I think it can be said for the record that the level of sophistication as regards mental health and mental and emotional problems of the general practitioner today is infinitely greater than that of the general practitioner or the nonpsychiatric physician of 25 years ago.

MEDICAL SCHOOL DEPARTMENTS OF PSYCHIATRY

At the time the Institute came into being, there were only a handful of medical schools that had departments of psychiatry that really could be called departments of psychiatry. Today, every medical school in the United States has an excellent department of psychiatry, and this has been the result of the very generous support of the Congress in supporting the training programs of the Institute. We support not only individuals in training in mental health fields, but we also support the development of departments of psychiatry.

We have grants to each department, to support teaching in those departments. This has created a startling change. The graduate of today, really cannot be compared to the graduate of 25 years ago in his knowledge of mental and emotional disorders.

PROPOSED GENERAL PRACTITIONER TREATMENT OF MINOR MENTAL HEALTH DISORDERS

We need to go one step further. That is to enable these graduates of medical schools to treat mental and emotional disorders—the ones they are able to treat, the minor emotional disorders that come into the office.

So far the newer graduates can recognize and refer such patients. There will never be enough psychiatrists to go around to treat all of these patients, and the general practitioner has to treat these minor cases.

SUGGESTED EARMARKING OF ADDITIONAL FUNDS FOR MENTAL HEALTH CENTERS

Senator COTTON. If you had additional funds earmarked for these field activities it might be helpful.

You have requested \$11,531,000, or rather the Department cut that, and that was 68 positions. If you had some of that restored and earmarked for getting this service to the people, what would you say to that?

Dr. YOLLES. Senator, I could only say that anything that the Congress would wish to appropriate or the Congress felt was important, we could certainly use to advantage.

The program is an expanding program and the rate at which it expands depends on the priorities assigned by the administration and the Congress.

It is a balance of these two.

Senator COTTON. In other words the Congress says we are going to give you more money, but you can't use it for research and you have to use it out in the field. That is really letting laymen run the work.

Dr. YOLLES. As a professional opinion, Senator, we could use such increases to good advantage.

Senator COTTON. And if we wanted to do that, and we used that as an argument to get back some funds when we get on the floor of the Senate, it certainly wouldn't displease you?

Dr. YOLLES. No, sir.

Senator COTTON. I mean the fact of having it earmarked that way wouldn't displease you?

PROGRAM BUDGET PRIORITY AND INCREASES

Mr. CARDWELL. In an attempt to put this question in some perspective, this appropriation has been given high priority in the President's budget. In 1968 there is a \$21,094,000 increase for "Mental health research and service" proposed within the budget over the 1967 level. This includes an increase in the amount of \$1,763,000 proposed for regional and field activities. Over half of the increased staff proposed for 1968 would be assigned to regional and field activities; that is, 38 of the 61 increased positions. So this is a balancing factor which I would submit to the committee for consideration.

PERSONNEL ASSIGNED TO FIELD ACTIVITIES

Senator COTTON. I realize that is so, and when you say more than half of the staff is field activities, do you mean administrative work in the field, or do you mean actual training in the field, and training of physicians and work in the hospitals?

Mr. CARDWELL. I mean openings out of the regional office as described by Dr. Yolles previously. This would include communications

and education and information activities that you expressed interest in before.

Dr. YOLLES. Those 38 were added to implement the Narcotic Addiction Rehabilitation Act and not for the general mental health purposes.

Senator COTTON. And the narcotic addicts are all in New York and San Francisco?

Dr. YOLLES. Not all of them.

BUDGET REQUEST HISTORY

Senator HILL. Your request was cut about \$1 million; is that correct?

Dr. YOLLES. That is right.

Senator HILL. And you were allowed approximately \$3 million; is that right, of the \$12 million requested?

Dr. YOLLES. That is right.

Mr. CARDWELL. The total reduction by the Department and the Budget Bureau was about \$21 million. The 1968 increase over 1967 was also \$21 million.

FIELD ACTIVITIES REDUCTION

Senator HILL. How much was the reduction in the field activities? Could we get that clear?

Mr. CARDWELL. The largest reduction relating to field activities occurred in the Department, and it was an \$11.5 million reduction.

BUDGET BUREAU INCREASE FOR NARCOTIC ADDICTION

Senator HILL. How much did the Budget Bureau add to that?

Mr. CARDWELL. They added 26 jobs, and \$746,000, and as Dr. Yolles has just pointed out, these were for the narcotic activities.

Senator COTTON. You aren't getting any additional jobs for the actual carrying out of the mental health activities, for the training of physicians, and for the seminars, and the work with hospitals, and with teachers, and clergymen and so on?

Mr. CARDWELL. As a general proposition, no.

Senator COTTON. The only additional field positions are confined to narcotics?

Mr. CARDWELL. That is right.

Dr. YOLLES. These are the personnel we hope to establish in 11 of the cities with large numbers of addicts to supervise contracts relating to the addiction problem. We were granted 36 positions.

Senator HILL. How many did you ask for altogether for that purpose?

Dr. YOLLES. We requested for regional and field activities a total of 107 positions, and this was cut by the Department by 54, and by the Bureau of the Budget who added 36.

Senator HILL. How many of those 107 are now for narcotics?

Dr. YOLLES. There are about 68 positions, if the Congress appropriates the supplemental appropriation, which has some positions for narcotics as well, we will have about 68 positions in the field.

Senator COTTON. Could you, without too much trouble, break that down? I am particularly interested in the field positions.

Dr. YOLLES. In the field positions as regards the Addiction Act implementation, and our regular program.

Senator HILL. That will give that picture and it will be very helpful.

(The information follows:)

Regional office personnel

	1967		1967 proposed supplemental		1968 President's budget		Total 1968	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Narcotic addict rehabilitation.....			53	\$279,000	38	\$2,940,000	91	\$3,219,000
General mental health regional pro- gram.....	118	\$1,628,000					118	1,628,000
Total.....	118	1,628,000	53	279,000	38	2,940,000	209	4,847,000

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COMMUNITY MENTAL HEALTH RESOURCE SUPPORT

APPROPRIATION ESTIMATE

【CONSTRUCTION OF】 COMMUNITY MENTAL HEALTH 【CENTERS】 RESOURCE SUPPORT

For grants pursuant to the Community Mental Health Centers Act, 【\$50,000,000,】 as amended, for grants for construction of mental health centers as may be authorized by law, and for expenses pursuant to section 402(a) (2) of the Narcotic Addict Rehabilitation Act of 1966 (Public Law 89-793), \$100,168,000, of which \$500,000,000 for construction 【to】 shall remain available until June 30, 【1968】 1969: Provided, That there may be transferred to this appropriation from 【“Hospital construction activities”】 “Community health services” an amount not to exceed the sum of the allotment adjustments made by the Secretary pursuant to section 132(c) of the Mental Retardation Facilities Construction Act.

Amounts available for obligation

	1967	1968
Appropriation.....	\$50,000,000	\$100,168,000
Unobligated balance brought forward.....	43,092,000	
Comparative transfer from “Mental health research and services”.....	32,081,000	
Total.....	125,173,000	100,168,000

Obligations by activity

	1967 estimate	1968 estimate	Increase or decrease
Grants for construction of community mental health centers.....	\$93,092,000	\$50,000,000	—\$43,092,000
Grants for staffing of community mental health centers.....	32,081,000	46,168,000	+14,087,000
Construction and operation of narcotic addict rehabilitation facilities.....		4,000,000	+4,000,000
Total obligations.....	125,173,000	100,168,000	—25,005,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Grants, subsidies, and contributions (total obligations).....	\$125,173,000	\$100,168,000	—\$25,005,000

Summary of changes

1967 enacted appropriation.....	\$50,000,000
Unobligated balance brought forward.....	43,092,000
Comparative transfer from “Mental health research and services”.....	32,081,000
1967 total estimated obligations.....	125,173,000
1968 estimated obligations.....	100,168,000
Total change.....	—25,005,000
	1463

	Base		Changes from base	
	Posi- tions	Amounts	Posi- tions	Amount
Increases:				
1. Grants for staffing community mental health centers.....	-----	\$32,081,000	-----	\$14,087,000
2. Construction and operation of narcotic addict rehabilitation facilities.....	-----		-----	4,000,000
Total program increases.....	-----	32,081,000	-----	18,087,000
Decreases:				
1. Grants for construction of community mental health centers.....	-----		-----	-43,092,000
Total change requested.....	-----		-----	-25,005,000

EXPLANATION OF CHANGES

Grants for construction of community mental health centers.—New obligational authority is the same in 1967 and 1968; i.e., \$50,000,000. Amounts available for obligation in 1967, however, include \$43,092,000 appropriated in 1966 which remain available for obligation through June 30, 1967. These construction funds are available for a two-year period.

Grants for staffing of community mental health centers.—An increase of \$14,087,000 will support 64 additional staffing grants.

Construction and operation of narcotic addict rehabilitation facilities.—An increase of \$4,000,000 will provide for the construction and operations of narcotic addict rehabilitation facilities as authorized by the Narcotic Addict Rehabilitation Act of 1966 (Public Law 89-793).

COMMUNITY MENTAL HEALTH RESOURCE SUPPORT

Introduction

The Community Mental Health Centers Program is the major national mental health program resource for stimulating, planning, and initiating State, local and individual action in the development of comprehensive mental health services in the communities of the nation. The grant programs provide support for the construction of new facilities or the expansion of existing ones, and for support, for an initial period, of professional and technical staff delivering new services.

Each Center program must assume responsibility for the mental health needs of the residents of a defined area; it must make its service readily accessible and available to all persons within that area; and it must assure continuity of care. The program is based upon scientific and professional knowledge that assures the effectiveness and feasibility of preventive treatment and rehabilitation programs in the community that promptly serve the individual and family in need; that prevent or decrease the need for costly long-term hospitalization and custodial care; and that accent the dignity and human value of the individual, and family and community life.

Participation in the program requires careful planning at State, regional and local levels. This is necessary in order to provide a division of the State into mental health service areas; to assure planning for adequate services and allocation of resources to all areas, including both metropolitan and rural areas; and to assign priorities of need based on evaluation of problems and resources. As of June 30, 1966, forty-six States and Territories had accomplished approved State plans. By the end of 1967 it is expected that at least fifty-one States and Territories will have approved plans for participation in the program.

Through 1966 the obligation of \$54,991,000 for both construction and staffing grants enabled initiation of 126 new community mental health centers in forty-

four States and Territories. Both metropolitan and rural programs have been initiated. With each new community mental health center serving an average catchment area of 165,000 people, these centers will provide community services to areas with a total population of some 19 million persons. This year it is estimated that the \$93,092,000 available for construction and the \$32,081,000 available for staffing will enable initiating 147 new community mental health centers, for a total of 273 through 1967.

New inpatient services will be available in 40 percent of the centers funded, and in an additional 32 percent, they will be enlarged—either through new physical facilities, increased staff, or both.

Grants for construction of community mental health centers

Total grants for construction of community mental health centers:

1967 estimate.....	\$93, 092, 000
1968 estimate.....	50, 000, 000
Increase or decrease.....	—43, 092, 000

All centers funded under the program must provide five essential services: inpatient service, emergency services, partial hospitalization, outpatient care, and consultation and education services; and support may be provided for additional services providing for a comprehensive program. Construction grants make provision for adequate physical facilities for these services, either facilities to house the entire program when none exist, or to expand existing facilities for new services that enable development of a center program.

The Community Mental Health Centers Act authorized appropriations for three years. \$35,000,000 was appropriated in 1965, and \$50,000,000 each in 1966 and 1967. Funds are allotted to the States on the basis of population and per capita income. In 1966, \$39,561,000 of the funds available for 1965 and 1966 were obligated for construction assistance to 93 new community mental health centers. In 1967 the \$93,092,000 available from 1966 and 1967 funds will enable construction assistance to 124 new centers, for a total of 217 new centers provided construction assistance since the beginning of the program.

The \$50,000,000 requested for 1968 under a new authorization will enable construction assistance to 67 new centers, as well as for addition of some new services beyond the five essential services, to center programs previously initiated.

Over half of the centers currently under way will provide partial hospitalization facilities in areas where no such capacity existed before.

New outpatient services will be offered by 45 percent of the current centers, and an additional 40 percent plan to improve and expand existing therapeutic approaches used on an outpatient basis—including individual and group psychotherapy, family therapy, and drug treatment.

Half of the centers will offer new emergency services, and a third more will increase them beyond their present levels; many plan to publicize emergency facilities widely within the community in order to assure their increased use.

Forty percent of today's centers will offer new consultative services, and another 40 percent will broaden existing ones—reaching out to schools, churches, court and juvenile authorities, and welfare agencies.

The authorization for construction grants expires with 1967. In 1968 renewal of this program is being requested, at \$50,000,000 for 1968. With the \$46,168,000 requested for staffing grants, these funds will provide for continuation of 121 staffing grants and for initiation of an estimated 87 new community mental health centers, bringing the total to an estimated 372 centers since the beginning of the program.

In 1968 a new program of Federal assistance in the construction, operation, staffing and maintenance of facilities for the care and treatment of narcotic addicts is being initiated. Authorized by the "Narcotic Addict Rehabilitation Act of 1966" this program will permit those States and localities with serious incidence of narcotic drug addiction to provide treatment facilities for addicts as part of their total mental health programming.

1466 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Allocations of grant-in-aid funds for construction of community mental health centers

State or territory	1966 allocations	1967 allocations	1968 allocations
Alabama.....	\$1,136,491	\$1,127,805	\$1,113,037
Alaska.....	100,000	160,000	100,000
Arizona.....	415,843	426,116	429,924
Arkansas.....	656,991	661,194	632,076
California.....	3,965,461	4,043,559	4,100,530
Colorado.....	473,958	477,695	483,957
Connecticut.....	587,642	596,053	608,805
Delaware.....	103,149	103,608	110,015
District of Columbia.....	164,809	162,477	162,801
Florida.....	1,547,192	1,556,118	1,580,016
Georgia.....	1,312,334	1,310,055	1,294,765
Hawaii.....	174,096	172,364	168,144
Idaho.....	199,609	196,980	189,917
Illinois.....	2,331,996	2,349,631	2,345,728
Indiana.....	1,205,890	1,208,394	1,187,746
Iowa.....	721,746	708,080	695,349
Kansas.....	580,203	578,358	561,762
Kentucky.....	981,617	981,655	955,380
Louisiana.....	1,089,709	1,086,361	1,070,989
Maine.....	280,690	278,818	275,263
Maryland.....	794,840	806,745	832,930
Massachusetts.....	1,198,650	1,201,604	1,222,753
Michigan.....	2,006,571	1,957,368	1,950,412
Minnesota.....	909,273	912,550	896,403
Mississippi.....	875,372	869,459	836,126
Missouri.....	1,101,542	1,097,446	1,130,016
Montana.....	187,826	185,096	184,774
Nebraska.....	377,050	378,931	371,295
Nevada.....	100,000	100,000	100,000
New Hampshire.....	169,952	172,963	173,138
New Jersey.....	1,476,644	1,498,796	1,506,805
New Mexico.....	294,770	292,849	286,949
New York.....	3,886,577	3,891,318	3,958,354
North Carolina.....	1,498,962	1,491,856	1,501,811
North Dakota.....	185,030	177,357	183,825
Ohio.....	2,495,407	2,473,061	2,475,219
Oklahoma.....	706,069	703,186	685,810
Oregon.....	463,174	464,264	475,318
Pennsylvania.....	2,853,784	2,820,735	2,829,536
Rhode Island.....	225,920	220,947	215,636
South Carolina.....	855,851	851,383	846,963
South Dakota.....	201,356	200,875	199,056
Tennessee.....	1,187,117	1,190,569	1,181,004
Texas.....	2,872,257	2,888,542	2,918,627
Utah.....	265,912	268,282	268,471
Vermont.....	108,691	110,049	112,263
Virginia.....	1,227,109	1,215,884	1,207,721
Washington.....	723,793	714,321	700,992
West Virginia.....	546,353	539,860	543,135
Wisconsin.....	1,040,232	1,039,526	1,029,140
Wyoming.....	100,000	100,000	100,000
Guam.....	26,212	28,661	27,466
Puerto Rico.....	984,363	985,899	958,626
Virgin Islands.....	15,477	16,228	15,531
American Samoa.....	8,438	8,039	7,691
Total.....	50,000,000	50,000,000	50,000,000

Grants for staffing of community mental health centers

Total grants for staffing of community mental health centers :

1967 estimate.....	\$32,081,000
1968 estimate.....	46,168,000
Increase or decrease.....	+14,087,000

The staffing grants provide for initial support of professional and technical staff, enabling communities to establish basic community mental health services making use of local resources, and providing assistance while permanent sources of financial support are developed. Each grant is made for a period of 4 years and 3 months. For the first 15 months Federal funds may support 75 percent of eligible costs of staff for new services. During each of the three succeeding 12 month periods the matching rate declines to 60 percent, 45 percent, and 30 percent of eligible costs.

In 1966 awards were made for 54 new community mental health centers for a total obligation of \$15,430,000. In 1967 it is expected that the \$32,081,000 available will provide \$19,170,000 for assistance to 67 new centers, and \$12,911,000 for continuation grants for the 54 centers initiated in 1966. Thus, by the end of 1967 a total of 121 new centers will have received staffing grant assistance.

In 1968 it is anticipated that the \$46,168,000 requested will provide \$20,000,000 for new grants for 64 new centers, and for addition of some new services for centers initiated in 1966 and 1967. In addition, \$26,168,000 will be required for continuation of the grants to the estimated 121 centers initiated in 1966 and 1967.

Distribution of grants for staffing of community mental health centers

	1967 estimate		1968 estimate		Increase or decrease	
	Num-ber	Amount	Num-ber	Amount	Num-ber	Amount
1. Noncompeting continuations.....	54	\$12,911,000	121	\$26,168,000	+67	+\$13,257,000
2. New.....	67	19,170,000	64	20,000,000	-3	+\$30,000
3. Total grants for staffing of community mental health centers.....	121	32,081,000	185	46,168,000	+64	+14,087,000

Construction and operation of narcotic addict rehabilitation facilities

Construction and operation of narcotic addict rehabilitation facilities:

1967 estimate.....	0
1968 estimate.....	\$4,000,000
Increase or decrease.....	+4,000,000

This program was authorized by the "Narcotic Addict Rehabilitation Act of 1966" (P.L. 89-793).

This amount provides for jointly financed cooperative arrangements with state and local governments and public and private institutions for the development, construction, operation, staffing and maintenance of treatment centers and facilities for narcotic addicts. Planning for these facilities will be consistent with the state plans for construction and staffing of community mental health centers.

COMMUNITY MENTAL HEALTH CENTERS

Senator HILL. Do you want to relate yourself to the community mental health resources?

Dr. YOLLES. It is now 3 years since the passage of the Community Mental Health Centers Act, and we can now judge our progress. We have supported the development as of February 23, of 172 community mental health centers, with funds totaling \$73 million. By the end of fiscal 1967, as I said, there will be 286 such centers funded.

These centers are symbols of a new era in mental health care, and they serve 44 States and territories. They have come about through creative collaboration of mental health professionals, political and

civic leaders at the Federal, State, and local level, and they have evolved from a very solid base, a broad range of public and private agencies, hospitals, clinics, and medical schools, and will have them combining their efforts to develop a single comprehensive center.

FORMER NATIONWIDE ATTITUDE OF SHAME AND FEAR REGARDING MENTAL ILLNESS

Twenty-one years ago, when the National Mental Health Act was passed, only very few workers in the field were concerned with the development of community mental health services. Even to them, the goal of effective services near home seemed distant and remote, barely visible on the horizon. The limited community mental health facilities of the day served primarily as transfer agents between the shattered lives and homes of citizens and the back wards of custodial institutions. Across the country, the American's attitude toward mental illness was still heavy with centuries-old traditions of shame and fear.

The challenge was great and it could not be denied—a challenge embodied in those hundreds of thousands of mentally ill Americans, whose doom was being inexorably sealed in isolated hospitals across the country.

SYMBOLS OF NEW ERA IN MENTAL HEALTH CARE

Today, only 3 years after the passage of the historic Community Mental Health Centers Act, we can gauge the degree of our progress: Our Government has now supported the development of 172 community mental health centers, with funds totaling \$73 million to be devoted to the dual tasks of construction and staffing. These centers—the symbols of a new era in mental health care—serve 44 States and territories. They have sprung from the creative collaboration of mental health professionals, and political and civic leaders at the Federal, State, and local level. And, they have evolved from a solid base; a broad range of public and private agencies, hospitals, clinics, medical schools, many of them combining their efforts to develop a single comprehensive center.

MEASURES OF PROGRESS

It is important at this point to assess the shape as well as the degree of our efforts. We must evaluate the extent to which we are meeting the criteria of quality we set for ourselves and for the millions of citizens who are the potential beneficiaries of this contemporary approach.

The program requires, for example, that each community mental health center make its services not only available, but readily accessible to all. How have the results of our efforts matched this objective?

It was clear from the outset that communities seeking support for mental health programs would ultimately represent a sweeping cross section of the total American community. Initiative has come from depressed areas and from regions of great wealth; from one-industry towns to cities built on a broad industrial base; from areas containing some of the strongest medical centers in the country to those which have until now attracted few or no professionals in the mental health field.

The image of the mental health center as serving populations concentrated only in the metropolis is hardly valid. The developing centers are marked by a broad regional diversity: A third are in cities of a half-million persons or more; another third in cities of 50,000 to 500,000; and a final third in communities of 50,000 residents or fewer. Mental health services will thus reach big city dwellers, suburbanites, and rural residents alike. In fact, nearly 150 predominantly rural counties are included in the population areas served by centers now being formed; residents of many areas will now have mental health professionals in their midst for the first time.

RANGE OF SERVICES

What about the range of services provided?

On this score, too, the program requirements were clear. Each center, they prescribed, must assure continuity of care, encompassing five basic treatment services: Inpatient services for those who may require short-term hospitalization; partial hospitalization, during the day or overnight; outpatient treatment for patients who might make appointments as they would routinely with their family physicians; emergency services, available around the clock; and consultation and education programs.

EQUALIZATION OF REQUIREMENT AND SERVICE

How have we fared?

The center programs, I am pleased to report, are evolving as they were intended to—with a spectrum of services by mental health workers who seek to equal the range of needs brought by citizens in search of help. A number of the centers now underway sprang from agencies already providing nearly the entire span of essential services. But the program has also given sharp rise to many new and improved services in communities across the country.

NEW INPATIENT AND OUTPATIENT SERVICES

New inpatient services will be available in 40 percent of the centers funded, and in an additional 32 percent they will be enlarged—either through new physical facilities, increased staff, or both.

Over half of the centers currently underway will provide partial hospitalization facilities in areas where no such capacity existed before.

New outpatient services will be offered by 45 percent of the current centers, and an additional 40 percent plan to improve and expand existing therapeutic approaches used on an outpatient basis—including individual and group psychotherapy, family therapy, and drug treatment.

NEW AND IMPROVED EMERGENCY SERVICES

Half of the centers will offer new emergency services, and a third more will increase them beyond their present levels; many plan to publicize emergency facilities widely within the community in order to assure their increased use.

NEW AND IMPROVED CONSULTATIVE SERVICES

Forty percent of today's centers will offer new consultative services, and another 40 percent will broaden existing ones—reaching out to schools, churches, court, and juvenile authorities, and welfare agencies.

CONFRONTATION OF FRAGMENTATION OF SERVICES

The community mental health centers program was a bold confrontation of the almost universal problem of fragmentation of services—in which the interests of professional agencies reigned supreme over the needs of the patient and his family. The program placed the patient at its hub, and citizens and professionals alike responded. Already, the community mental health center has served as a model for other programs—from neighborhood centers to community delinquency programs—in which comprehensive and continuous services must replace fragmented and overlapping ones.

MEETING SPECIAL NEEDS

These data do not imply a rigid uniformity among the centers. Far from it. There is no single profile, for no two American communities are alike. Each center has its individual characteristics—reflecting the needs and the resources of the area it serves. The range portrays the face of America, and the ingenuity and adaptive ability of its citizens. Some centers, for example, will reach out to crowded metropolitan areas, while others will spread their services across thinly populated mountains and plains. In Texas, Dallas will have a full span of mental health services based in the city's large general hospital. In Louisiana, in contrast, two agencies have devised a plan to serve the people of the bayou country through individual clinical units ranging over four counties; and in Kansas, two agencies have combined to provide comprehensive services to residents of a rural area spanning over 20 counties.

PATTERNS OF FINANCING

The diversity of the center programs is further reflected in funding patterns used across the country. In some States, Federal money is being matched with State money exclusively; in others with States and local money; in still others with private funds. We are encouraging the broadest possible base for the financing of community mental health centers, and some communities have pioneered new funding programs among several counties or regions, and across State lines.

Senator HILL. Have the staffing funds been helpful?

Dr. YOLLES. Many communities which would not have a total program of services are now able to provide such services without the necessity of construction.

STATE-IMPLEMENTED COMMUNITY MENTAL HEALTH SERVICES ACT

As a result of the community mental health centers program, many States have sought to involve their communities directly in the provision of mental health services. The most common mechanism has

been a State-implemented Community Mental Health Services Act. Since the passage of the first such act in New York 13 years ago, 28 States have followed suit. These laws have provided for decentralization in the administration of community services, cost sharing by the State and localities, and the maintenance of local choice and initiative; State funds have typically been provided on a matching basis.

Within the last year, several States have considered and passed community mental health services legislation. Perhaps the boldest approach to date has been the recently developed Services Act in Pennsylvania. The Pennsylvania act insures that the localities of the Commonwealth provide a wide range of mental health services, and pledges State support of 90 percent of eligible costs.

COMMUNITY SPONSORSHIP OF CENTERS

It is a source of satisfaction for us to note that community mental health center financing efforts have often grown from the deepest roots of the community—from the citizenry itself. The Lane County Community Mental Health Center in Eugene, Ore., for example, is largely the result of community sponsorship; 17 county agencies are affiliated with the center, which will serve residents in an area reaching from the Pacific Ocean to the summit of the Cascade Mountains, as well as the 12,000 students at the University of Oregon in Eugene.

In Pittsburgh, a grant from the Appalachian Regional Commission will help in the realization of a center to serve an area of 160,000 residents—primarily from low-income, urban areas. At Daytona Beach, Fla., the Volusia County Mental Health Center is the result of a unique community drive to guarantee adequate mental health services. The local mental health association initiated a campaign to raise money toward construction of the center, and the largest corporation in the county contributed the services of its public relations department to promote the drive. Civic groups and hundreds of individuals participated—physicians, bankers, lawyers, housewives; one resident contributed the income from an orange grove to the project; the clergy sponsored a mental health Sabbath. Most important, the total effort brought all the interests within the county together for the first time in its history.

RELATED PROGRAMS

Such episodes are dramatic and revolutionary—all of them part of the era of change that has begun in mental health care. But the community mental health center program, despite its newness in concept and design, does not exist—cannot exist—apart from other programs and other advances in the mental health field.

BASIC AND APPLIED RESEARCH PROGRAMS

The success of the centers effort must rest heavily, for example, on our basic and applied research programs—programs designed to develop and refine the kinds of techniques that will serve our citizens

along the entire continuum of help they may need: milieu therapy for the aged inpatient; family therapy for the adolescent outpatient and his parents; aftercare for the successful adjustment of the recovered patient in his home and community; or, crisis intervention procedures to prevent serious and chronic disruptions of the patient's life.

PSYCHOPHARMACOLOGY

Still another instance arises from the field of psychopharmacology, in which our development of drug therapies has been basic in the movement toward community mental health care. In a decade, the use of drugs has helped shift the focal point of treatment from the hospital to the community, until today, the mentally ill being treated at home probably outnumber our 450,000 hospital patients by a ratio of 5 to 1.

TRAINING PROGRAMS

It is not only our research programs that affect the destiny of the community mental health center program. Even more crucial to the success of the overall effort, for example, are our training programs through which we are enlarging the pool of manpower which must ultimately meet the realities of community treatment and, in the final analysis, actually deliver the services. And, as one more example, our field and technical assistance activities are helping to develop the kinds of consultative services in the States which represent one of the most important innovations of the centers program. For if we are to reduce significantly the toll of mental illness, it will be through preventive programs—and these hinge on the quality of the consultation provided to schools, to courts, or to welfare agencies.

CENTER RECRUITING

Senator HILL. Do you have much trouble getting these personnel?

Dr. YOLLES. The centers have encountered far less difficulty than we would have expected. Actually, the recruitment rate is a little slower than they themselves thought, but they are getting personnel into the places where they never were able to get personnel, because of the stimulus of this program.

DRUG ABUSE: TRANSFER OF FORT WORTH AND LEXINGTON HOSPITALS TO INSTITUTE

The role of the Institute in the field of drug abuse is also growing in both size and scope. With the reorganization of the Public Health Service, the Fort Worth and Lexington hospitals have been transferred to the National Institute of Mental Health. The role of these hospitals will be modified in time from one designed primarily to provide care to addicts, to one aimed at developing new knowledge and new methods of intervention, treatment, rehabilitation, and aftercare in the fields of drug abuse, drug dependence, and specific personality disorders. In keeping with these goals, the two institutions have been redesignated as Clinical Research Centers—thus filling a gap in the Nation's present clinical research resources directed toward problems of drug abuse.

IMPLEMENTATION OF NARCOTIC ADDICT REHABILITATION ACT

The conversion of the hospitals' roles will be delayed to some degree in the interests of implementing the Narcotic Addict Rehabilitation Act of 1966. This act has authorized the commitment for treatment and rehabilitation of narcotic addicts who come before Federal courts in any of three different ways: Those charged with a nonviolent crime against the United States and committed to treatment in lieu of trial; those tried and convicted of a crime against the United States and sentenced to commitment for treatment; and those not charged with any crime who are civilly committed to treatment.

Much of the responsibility for carrying out the provisions of this act is now vested in the Public Health Service—with the balance of responsibility carried by the Department of Justice. Accordingly, in the early years of implementation of this legislation it will be necessary to continue to use the Fort Worth and Lexington facilities for the examination of alleged addicts and their institutional care.

Senator HILL. That is just as they have been in the past?

SUPERVISED AFTERCARE SERVICES

Dr. YOLLES. Yes, and this is for the early years of the program.

Besides changing the legal criteria for eligibility for treatment at the Federal level, the legislation also authorized activities which the Public Health Service could not carry out before. The most important of these is the authority for the Surgeon General to provide supervised aftercare services for those addicts in his custody, averaging two and a half years following their release from inpatient treatment. It has been lack of aftercare facilities, many professionals in this area believe, which has resulted in the high rate of recidivism among addicts released from institutional care.

CONTRACTS WITH FACILITIES NEAR HOMES OF ADDICTS

In keeping with community mental health concepts and to insure that close followup and supervision of the addicts will be maintained, aftercare will be carried out on contract by appropriate facilities near the homes of the addicts. To maintain an overview of the performance of the contracts and insure a high level of professional performance in aftercare and rehabilitation, it is planned to locate Public Health Service personnel in the 11 metropolitan areas having the largest addict populations.

GOALS AND PROSPECTS

The outlook, then, is a positive and promising one, reflecting substantial progress in the community mental health center program itself, and in the allied programs of the Institute converging on that effort. This statement would be incomplete, however, without and acknowledgment of the problems we must yet face.

MANPOWER REQUISITE

We must continue our efforts to fill the enormous reservoir of manpower demanded by the centers program, without which our highest purposes will be frustrated.

Through careful research, we must continue to pursue the kinds of creative approaches to the establishment of comprehensive services.

We must encourage close collaboration among the many professional disciplines working in the interests of the Nation's health, molding them into the kinds of compassionate staff that best serve the patient's interests.

FINANCING

We must assure that existing patterns in the financing of mental health services are maintained and strengthened in the States and communities across the Nation.

MENTAL ILLNESS EXPANSE

Despite our progress, we must be constantly aware that the Nation's need is still great—that nearly half a million Americans continue to reside in mental hospitals, and that a third of our citizens are significantly impaired at some time in their lives by symptoms of mental illness. We have made only a modest start in meeting the mental health needs of the American people; the great bulk of our population remains to be served through the 2,000 centers planned by 1980.

INSTITUTE-COMMUNITY PARTNERSHIPS

Difficult tasks and obstacles are still clearly before us, yet I have no reason to doubt that we will succeed. This conviction arises out of the confidence and strength we feel as partners with communities throughout the Nation. Ours is a cooperative venture embracing various segments of society. Across the country we have stimulated a wave of rising hopes. We shall continue in our efforts to satisfy those hopes—and thereby advance the well-being and productivity of our people.

BUDGET REQUEST

The request for 1968 is \$100,168,000 as compared with an operating level in 1967 of \$125,173,000. There is a net decrease of \$25,005,000. This decrease is discussed in detail in the budget justification.

FUNDS DISTRIBUTION

The request for 1968 is distributed as follows:

Grants for construction of community mental health centers, \$50 million.

Grants for staffing of community mental health centers, \$46,168,000.

Construction and operation of narcotic addict rehabilitation facilities, \$4 million.

Total 1968 appropriation request, \$100,168,000.

Senator CORTON. First I want to apologize to you, because I was stabbing around here in the dark asking questions about this very program, and you should have told me that you were coming to this.

Now in 1967 you had \$82 million plus for the community mental health resource support. That includes your centers and what else?

Dr. YOLLES. In 1967 that includes \$32 million.

Senator COTTON. I didn't mean the money. What is this supporting?

Dr. YOLLES. Construction and staffing of community mental health centers.

Senator COTTON. Now, the narcotics work isn't included in that?

Dr. YOLLES. That will be in the 1968 budget, it will be included in there.

Senator COTTON. It wasn't in the 1967 figures?

Dr. YOLLES. You are quite right.

BUDGET REQUEST HISTORY

Senator COTTON. The estimate received by the Department was \$141.5 million?

Dr. YOLLES. Yes, sir.

Senator COTTON. And your estimates were \$117 million?

Dr. YOLLES. \$147 million, sir.

Senator COTTON. It says the Department's estimate to the Bureau of the Budget.

Dr. YOLLES. I was just one step back. Our original request was \$147.4 million and the Public Health Service requested of the Department \$141.5 million.

Senator COTTON. And the President's budget gave you \$100,168,000. In other words, it cut you down roughly \$20 million over 1967?

Senator HILL. It was \$82 million in 1967, I believe.

Senator COTTON. You were cut \$20 million and you received \$20 million more also.

Dr. YOLLES. We were cut \$41 million.

Senator COTTON. And that with the exception of the narcotics work, that is right in the line of all that I was so interested in asking about. That is the work in the field, all of this talk that we had about how many in the field and how many not in the field. This is the appropriation that really does the field work that I had in mind when I was asking the questions.

Dr. YOLLES. This is the one that sets up the community mental health centers, constructs them and staffs them.

MATCHING GRANTS TO COMMUNITIES FOR CONSTRUCTION AND STAFFING FACILITIES

Senator COTTON. So we don't have to earmark anything, if we should be able to give you back a little of this which has been taken away from you.

Dr. YOLLES. This doesn't serve the same function as the regional and field activities. These funds are available for grants to communities, for construction and they match them. It includes staffing them.

Senator COTTON. This is not the money that sends your people out to train people?

Dr. YOLLES. No, sir.

Senator HILL. You think the staffing has enabled a lot?

Dr. YOLLES. It enables many communities to develop these centers. With the awarding of a staffing grant to a community, agencies which had never talked to each other before, agencies working in the mental health field have joined together to operate a complete program which gives more service to the community than they had done before singly.

PENDING LEGISLATION FOR STAFFING MENTAL RETARDATION CENTERS

Senator HILL. As you know, we have legislation pending now to provide this staffing for mental retardation centers.

Dr. YOLLES. Yes, sir.

Senator HILL. Which I think that you would favor, would you not?

Dr. YOLLES. Yes, sir.

Senator HILL. Are there any other questions?

If not, you have brought us most interesting and challenging information, and there is no doubt about it that we have made tremendous strides in this field of mental health. Down through many years we didn't do anything but provide custodial care.

Dr. YOLLES. That is right. I hope we can continue the progress that we are making.

Senator HILL. We want to do that.

If there is nothing further, I want to thank you very much for your very excellent statement.

Senator COTTON. I will join in saying it was an excellent statement.

RADIOLOGICAL HEALTH

NATIONAL CENTER FOR RADIOLOGICAL HEALTH

STATEMENT OF JAMES G. TERRILL, JR., DIRECTOR; ACCOMPANIED BY ROBERT R. HARWICK, EXECUTIVE OFFICER, NATIONAL CENTER FOR RADIOLOGICAL HEALTH; DR. RICHARD A. PRINDLE, DIRECTOR, BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL; VERNON G. MacKENZIE, DEPUTY DIRECTOR; PETER J. BERSANO, FINANCIAL MANAGEMENT OFFICER, BUREAU OF DISEASE PREVENTION AND ENVIRONMENTAL CONTROL; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

RADIOLOGICAL HEALTH

To carry out sections 301[.]and 311[.] and 314(c) of the Act, with respect to radiological health; [including grants for training of radiological health specialists;] purchase of not to exceed one passenger motor vehicle for replacement only; and hire, *acquisition*, maintenance, and operation of aircraft; [\$20,-895,000 of which \$2,500,000 shall be available only for allotments and payments to States pursuant to such section 314(c) for the establishment and maintenance of adequate radiological public health services] \$15,687,000.

Amounts available for obligation

	1967	1968
Appropriation.....	\$20,895,000	\$15,687,000
Comparative transfer to "Comprehensive health planning and services".....	-5,000,000	-----
Total.....	15,895,000	15,687,000

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Grants.....	-----	\$2,332,000	-----	\$2,328,000	-----	-\$4,000
Research.....	-----	2,332,000	-----	2,328,000	-----	-4,000
Direct operations.....	814	13,391,000	814	13,359,000	-----	-32,000
Effects of radiation on man.....	136	3,433,000	136	3,391,000	-----	-42,000
Development of methodology for exposure reduction and control.....	110	1,949,000	110	1,983,000	-----	+34,000
Training.....	119	1,587,000	119	1,584,000	-----	-3,000
Measurement and surveillance.....	284	4,105,000	284	4,088,000	-----	-17,000
Technical assistance.....	165	2,317,000	165	2,313,000	-----	-4,000
Total obligations.....	814	15,723,000	814	15,687,000	-----	-36,000
Unobligated balance, reserve.....	-----	172,000	-----	-----	-----	-172,000
Total obligations and balance.....	814	15,895,000	814	15,687,000	-----	-208,000

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Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	\$14	\$14	-----
Full-time equivalent of all other positions.....	24	24	-----
Average number of all employees.....	792	797	+5
Personnel compensation:			
Permanent positions.....	\$6,015,000	\$6,059,000	+\$44,000
Positions other than permanent.....	225,000	236,000	+11,000
Other personnel compensation.....	55,000	55,000	-----
Total personnel compensation.....	6,295,000	6,350,000	+55,000
Personnel benefits.....	913,000	921,000	+8,000
Travel and transportation of persons.....	549,000	570,000	+21,000
Transportation of things.....	171,000	151,000	-20,000
Rent, communications, and utilities.....	654,000	654,000	-----
Printing and reproduction.....	116,000	116,000	-----
Other services.....	560,000	561,000	+1,000
Project contracts.....	2,376,000	2,292,000	-84,000
Services of other agencies.....	62,000	62,000	-----
Payment to—			
Public Health Service management fund.....	381,000	381,000	-----
National Institutes of Health management fund.....	25,000	28,000	+3,000
Supplies and materials.....	646,000	646,000	-----
Equipment.....	574,000	624,000	+50,000
Land and structures.....	68,000	2,000	-66,000
Grants, subsidies, and contributions.....	2,332,000	2,328,000	-4,000
Insurance claims and indemnities.....	1,000	1,000	-----
Total obligations by object.....	15,723,000	15,687,000	-36,000

Summary of changes

1967 enacted appropriation.....	\$20,895,000.
Comparative transfer to "Comprehensive health planning and services".....	-5,000,000
Unobligated balance, reserve.....	-172,000
1967 total estimated obligations.....	15,723,000
1968 estimated obligations.....	15,687,000
Total change.....	-36,000

	Base		Changes from base	
	Positions	Amount	Positions	Amount
Increases:				
A. Bultin; 1. Annualization of 8 new positions authorized in 1967.....				\$36,000
Decreases:				
A. Bultin				
1. Nonrecurring cost of fixed equipment.....				-50,000
2. 1 less day of pay (261 days in 1967; 260 in 1968).....				-18,000
B. Program; 1. Research grants.....		\$2,332,000		-4,000
Total net change requested.....				-36,000

Introduction

The emergence of atomic energy in public power, the advances in the use of nuclear medicine, and the increased use of X-ray in both diagnosis and treatment are all major trends with a great potential for benefiting the American people but also carrying risks of deleterious effects on health. Federal programs have been and continue to be instrumental in fostering uses of these and other sources of ionizing radiation to obtain the greatest possible health and material benefits for our citizens. The Public Health Service's mission to preserve and improve the health and safety of the population from adverse effects and at the

same time enjoy these increased benefits will require extensive effort in the years ahead.

It has been demonstrated that radiation effects are cumulative and that any radiation, even low-level, is potentially harmful, particularly to the young. The Public Health Service has achieved considerable success in eliminating unnecessary and minimizing necessary exposure to doses from ionizing radiation. For example, as of the latest date that final figures are available, June 1965, 80% of the estimated 94,174 dental X-ray units in the United States met or exceeded minimum requirements for filtration and collimation. In addition, in 1965 alone, over 25,000 medical X-ray units were inspected by State and local agencies; of these 11,000 units were found defective and 7,700 corrections completed.

Programs are also underway to advance the understanding of and to prevent impairments resulting from exposure. Results from these efforts and from programs measuring and evaluating total radiation exposure to populations require concerted, extensive and long-term research.

Consistent with and parallel to the above programs is the development of procedures, equipment, and techniques to improve current diagnostic and therapeutic application of ionizing radiation, as well as development and evaluation of other uses of ionizing radiations for the betterment of public health and the environment.

The research activity consists of grants and in-house programs dealing with effects of radiation on man and development of methodology for exposure reduction and control. The Public Health Service in-house capability to conduct research has been materially expanded through activation in 1966 of new research facilities at both the Rockville Radiological Health Laboratory and the Southwestern Radiological Health Laboratory. In addition a number of projects, particularly those dealing with equipment design and utilization, are carried out through contracts.

Methods have been developed and are in constant use through which research gains can be exploited with a minimum of delay and with predictable success. Implementation is accomplished by the training and technical assistance programs. The training program consists of developing and encouraging training activities in the radiological health specialties. A specialized short course training program has been utilized to train State and local as well as Federal personnel. Technical assistance provides a means for transmission of the best possible information and techniques directly to State and local agencies for protective and corrective action.

Supporting all activities are the measurement and surveillance networks operating through the regional laboratories located at Winchester, Massachusetts; Montgomery, Alabama; and Las Vegas, Nevada. The networks collect data on population exposures on a continuing basis as well as material for a number of research studies. In addition, the regional laboratories and the facilities at Cincinnati, Ohio, support and maintain both training facilities close to field activities and research projects best suited to specific geographical locations, including that research related to current Atomic Energy Commission activities.

Research grants

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Noncompeting continuations.....	56	\$1,448,000	65	\$1,444,000	+9	\$-4,000
2. New grants.....	40	820,000	40	820,000		
3. Supplementals.....	(8)	64,000	(8)	64,000		
Total.....	96	2,332,000	105	2,328,000	+9	-4,000

The radiological health program utilizes the competence of outstanding scientists in the radiological field at leading non-governmental research centers throughout the nation to gain full advantage from specialized fields of knowledge and of interest not otherwise obtainable.

As of June 30, 1966, grants totaling \$1,692,337 were active on projects concerned with the effects of radiation on man and matter. An example of a grant in

this field is a follow-up study on prenatal exposure to radioactive iron after 15 years by Dr. Robert M. Heyssel at Vanderbilt University, Nashville, Tennessee.

A total of \$443,819 is devoted to studies of X-ray exposures, radionuclide characteristics, environmental pathways, and protective action in environmental contamination. Examples include studies of radiostrontium metabolism and removal in man by Dr. Herta Spencer, Loyola University, Chicago, Illinois, and a study involving the physical and medical considerations in the substitution of Cesium 137 for radium in certain medical applications by Dr. Charles G. Amato and his colleagues at Manhattan College, New York City.

Another major problem area, measurement of radiation exposure and dose, utilizes \$166,416; for example, Dr. John Hale at the University of Pennsylvania, Philadelphia, is developing a system for precision dosimetry for use in clinical radiology.

The \$2,328,000 requested for 1968 is to support 40 new grants and 65 noncompeting continuations, an increase of 9 projects with a decrease of \$4,000.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	814	\$7,208,000	814	\$7,271,000	-----	+\$63,000
Other expenses.....	-----	6,183,000	-----	6,088,000	-----	-95,000
Total.....	814	13,391,000	814	13,359,000	-----	-32,000

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Effects of radiation on man.....	136	\$3,433,000	136	\$3,391,000	-----	-\$42,000
Development of methodology for exposure reduction and control.....	110	1,949,000	110	1,983,000	-----	+34,000
Training.....	119	1,587,000	119	1,584,000	-----	-3,000
Measurement and surveillance.....	284	4,105,000	284	4,088,000	-----	-17,000
Technical assistance.....	165	2,317,000	165	2,313,000	-----	-4,000
Total.....	814	13,391,000	814	13,359,000	-----	-32,000

1. Effects of radiation on man

1967 estimate:	
Positions	136
Amount	\$3,433,000
1968 estimate:	
Positions	136
Amount	\$3,391,000
Increase or decrease:	
Positions	-----
Amount	-\$42,000

Considerable research effort over a period of time is needed to refine understanding of the dose-effect relationship, particularly regarding low-level radiation and its long-term biological effects.

Many extremely important health, economic, and national security benefits now and in generations ahead are dependent on our obtaining more precise information on the long-term effects of radiation on man. This information is needed, so that in an era of continuously expanding use of radiation producing sources, more adequate benefit versus risk judgments can be made by responsible governmental agencies and the health professions.

Human population groups that receive unique and identifiable radiation exposure provide a means of defining major dose-effect phenomena. Epidemiological studies designed to quantify biological effects utilize these sources in a continuing program to establish and modify public health exposure guides. As a result of completion of 2 out of a total of 12 active studies in 1967, investigations will be initiated in 1968 into two primary areas; (1) documented X-ray exposures of groups of children and pregnant women, and (2) exposure of children and adults to radioisotopes used in medical practice.

In the area of medical X-ray exposure, particularly in the diagnostic range, it is difficult to determine significant effect in a population of manageable size. Therefore, feasibility studies will be continued in order to select groups that can best indicate specific biological changes.

A major mission of this program is the identification of radiation-induced biological changes which can be developed into sensitive indices that will be epidemiologically useful for the detection and interpretation of biologic damage from low-level radiation exposures.

Illustrative of this type of research is the study of thyroid conditions being conducted among school students in Washington County, Utah, an area known to have received considerable radioactive fallout from tests conducted at the nearby test site in Nevada during the 1950's. This study is part of a larger, long-term study which includes leukemia, bone cancer and congenital malformations.

The possibility of thyroid tumors developing in this group was a matter of concern since iodine 131, a product of nuclear fission, is known to concentrate in the thyroid gland.

In September 1965, a team of Public Health Service physicians examined the thyroid glands of about 2,000 Utah students and a comparison group of 1,400 students in Graham County, Arizona. A tentative finding of thyroid nodules (small lumps) was reported for 70 of the Utah children and 25 of the Arizona group. A number of abnormalities may be associated with thyroid nodules, including inflammatory disease of the thyroid (thyroiditis), benign or malignant tumors, and goiter.

Three nationally recognized experts on thyroid disease did further studies of the 95 cases with suspected nodular thyroid. The results of the first examination were confirmed for the most part. Hospital study for 16 of the Utah children was recommended. Among this group thyroiditis was subsequently diagnosed specifically in five children and strongly suspected in four others on the basis of thyroid function tests. No cases of thyroid tumor were found.

At the present no association can be drawn between radiation exposure and the thyroid conditions observed in the Utah children. However, a followup study will continue for several more years so that reasonably firm knowledge can be gained as to the effect or lack of effect of environmental exposure of infants and young children to relatively low-levels of radioiodine.

Important investigations of long-term effects at low-level irradiation will continue at the Collaborative Radiological Health Laboratory at Colorado State University. Through use of a colony of beagle hounds, the systematic correlation of biochemical, physiological and morphological aspects of age-related radiation effects is studied. Primary attention has been directed to experiments which have revealed measurable change in the ultra-structure of the eye, reflex development, and brain formations attributable to *in utero* radiation. In 1968 a principal effort of the project will center upon the irradiation effect on the central nervous system.

Laboratory and related field studies are also conducted to provide a firm basis for determining body burdens and radiation doses so that studies of human population groups may yield, as precisely as possible, data on quantitative relationships between radiation dose and effect.

All of the research studies are subject to careful intramural and consultant evaluation. In addition, through the mechanism of regular meetings with the staff of the Atomic Energy Commission's Division of Biology and Medicine, the program of the Public Health Service in this field is coordinated with related work being conducted under the auspices of the Division of Biology and Medicine.

The net decrease of \$42,000 is due to non-recurring equipment costs and one less day of pay in 1968.

2. Development of methodology for exposure reduction and control

1967 estimate:		
Positions	-----	110
Amount	-----	\$1, 949, 000
1968 estimate:		
Positions	-----	110
Amount	-----	\$1, 983, 000
Increase or decrease:		
Positions	-----	
Amount	-----	+ \$34, 000

Development and evaluation through engineering, physical, chemical and biological research of methods to minimize exposures to ionizing radiations from all environmental sources is the goal of this program area. Until more information is developed on the health effects from low-level exposures to ionizing radiation, the Public Health Service's position must be to adopt practical means to restrict the level of radiation to which individuals and population groups are subjected. The remarkable growth that has taken place and is predicted for the future in the various uses of ionizing radiation in the health professions and industry requires application of current knowledge toward specific improvements in exposure reduction and control.

In-house work and contracts in research and development on some of the more urgent problems related to increasing the effectiveness with which radiological methods are applied in the health professions, and in the methodology and equipment to be used in eliminating unnecessary radiation exposures from such applications will continue to be stressed. In particular, efforts will continue toward developing improvements in X-ray equipment, systems, and techniques. As an example of what can be done, the National Center for Radiological Health has developed an automatic collimating system that can be used in routine diagnostic procedures. This device automatically adjusts the X-ray field to the film size being used. Tests have been conducted of the system and arrangements are being made to further test models in two hospitals. Much of this work is also being done under contract with institutions having unique capabilities that may be applied to this problem. Examples include a contract with Emory University, Atlanta, Ga. on TV image storage techniques for use in fluoroscopy and with Tufts University, Boston, Mass. on the effect of X-ray beam quality on film quality.

Work will be continued through bioenvironmental and other research toward utilization of current knowledge of environmental radiation exposures and dose mechanisms. This work will provide relationships to establish a more valid basis for estimating exposures and enable the development and precise application of control and prevention techniques at the Federal, State and local regulatory level.

Investigations will be continued to better define the movement and dispersion of the more important radioactive contaminants from their source to their ultimate disposition in man in order to determine critical points in the transmission pathway amenable to effective and feasible preventive measures.

Examples of studies underway include the incorporation of vermiculite into the ration of lactating animals to determine the binding effects of this material on strontium and cesium in the diet so as to reduce the secretion of these elements in the milk of animals. Results to date indicate a significant reduction in the secretion of cesium in the milk, but no consistent reduction in the secretion of strontium. Similarly, work is being conducted on this addition of alginates to the diet of lactating animals and humans to determine the effect of these additives on the strontium cycle. Alginates are obtained from sea kelp and are common ingredients in the manufacture of ice cream and certain "Jello" like desserts. The addition of this material to the diet of lactating animals has been shown to reduce the excretion of strontium in milk. At the present time it is planned to determine whether the consumption by humans of foods containing this material increases the rate of secretion of strontium from the body. Additional studies are planned to determine factors which influence the uptake of radionuclides from the soil by animal feeds and by human foods.

While work will continue, as necessary, on such well known radionuclides as strontium 90, cesium 137, and iodine 131, initial control studies will be started on tritium, carbon 14, xenon, and krypton, which have been recently recognized as potential health problems and upon which very little work has been done up to this time.

Surveillance-type studies on tritium and carbon 14 in the environment and in human autopsy specimens indicate that the levels of these radioisotopes are increasing. This is particularly important from the standpoint of the possible use of low-fission, high-fission devices in the Plowshare projects under consideration by the Atomic Energy Commission. The inert gases, xenon and krypton, have recently been recognized as important contributors to population exposures in the vicinity of nuclear reactors. Therefore, it is important that studies on these radionuclides be carried forward.

The increase of \$34,000 is due to annualization of positions new in 1967 offset in part by one less day of pay in 1968.

3. Training

1967 estimate:		
Positions -----		119
Amount -----	\$1,587,000	
1968 estimate:		
Positions -----		119
Amount -----	\$1,584,000	
Increase or decrease:		
Positions -----		
Amount -----		—\$3,000

Training activities are designed to assist in providing through appropriate training mechanisms and techniques the numbers and kinds of technical and professional competencies required to staff activities in Federal, State and local governmental and nongovernmental agencies and institutions. Radiological Health training activities are also concerned with the intentional exposures of patients to ionizing radiations by the health profession, as well as those related to radiation exposures incident to other uses of ionizing radiation. Maintaining a training program meeting these various needs requires continuous assessment of specialized technical needs and those radiological health problems related to their efficient use and regulation.

The training effort includes development of formal training programs within institutions which receive grants to supplement their resources. In addition, course material and other training aids are provided as necessary. The Public Health Service provides at the regional laboratories, at Cincinnati, Ohio, and at Rockville, Maryland specialized training courses for radiological health personnel in Federal, State and local programs.

In 1967 a significant developmental effort was undertaken by contract to strengthen the teaching of users of X-ray equipment, where much can be done to reduce unnecessary exposure to both patients and personnel. The problem in training in the X-ray field is the lack of a clear understanding of what constitutes the appropriate training for each of the roles of the respective team members. Solving this problem requires studies leading to a complete understanding of the interrelationships between the equipment and techniques in medical X-ray and the appropriate functioning of each member of the team.

At Oregon State University a program is being developed in X-ray science and engineering, including teaching, training, research, evaluation and development activities, which the contractor is to present as a plan that may be used as a model for the establishment of similar programs at other institutions. A second similar effort, will be initiated as soon as negotiations can be completed with a suitable school. However, in this instance teaching and training for undergraduate medical students, radiology residents, and nonradiology residents are included as well as for the supporting staff of physicists, engineers, and technicians.

In training technicians, courses are designed to provide guidance to the trainers, instructors, and supervisors of technicians in developing the appropriate type and level of training and the teaching materials needed to support such training.

The decrease of \$3,000 is due to one less day of pay in 1968.

4. Measurement and surveillance

1967 estimate:	
Positions -----	284
Amount -----	\$4, 105, 000
1968 estimate:	
Positions -----	284
Amount -----	\$4, 088, 000
Increase or decrease:	
Positions -----	
Amount -----	-\$17, 000

The Public Health Service maintains and operates national surveillance networks that measure environmental radioactivity (including releases from Federal test sites and ranges) in order to provide for scientific information purposes a continuing record of national sources, levels and trends of radiation and radioactive materials in the environment and the exposures and doses received by people from all radiation sources.

The principal data from the Radiation Surveillance Network together with the Pasteurized Milk Network, the Institutional Total Diet Sampling Network, the Bovine Thyroid Network, Human Bone Network and others are released monthly (or more often, as required). Preparation and publication of these data are accomplished by the Radiation Surveillance Center.

Studies are also conducted to obtain estimates of the magnitude and distribution of population exposure to X-radiation. During the time that a reduction in surveillance activities became possible due to the weapons testing moratorium, X-ray population exposure studies were undertaken without increasing funding or personal levels. Valuable information is being obtained to guide efforts to improve existing practices and reduce unnecessary exposure of patients and operators.

Although the nuclear weapons test ban appears to reduce the need for environmental surveillance for a time, current world conditions make a continuing effort in this field essential. Furthermore, as major nuclear facilities for industrial and other peaceful uses become more widespread, the Service's surveillance capability has increasing value.

Our laboratories will continue projects aimed at more fully evaluating the potential significance of tritium and other radionuclides of health significance as environmental contaminants. The sources, both military and civilian, need to be analyzed to enable forecasts to be made of tritium exposure in future years. A similar situation exists with regard to carbon 14. Preliminary investigations of several phases of the environment as well as examinations of specimens from humans indicate a general increase in levels of these radionuclides.

The decrease of \$17,000 is due to non-recurring equipment costs and one less day of pay in 1968.

5. Technical assistance

1967 estimate:	
Positions -----	165
Amount -----	\$2, 317, 000
1968 estimate:	
Positions -----	165
Amount -----	\$2, 313, 000
Increase or decrease:	
Positions -----	
Amount -----	-\$4, 000

The purpose of this activity is to provide technical assistance and specialized consultative services and support to States in carrying out their radiological health programs. Assistance is also provided to other agencies in investigating, evaluating and minimizing public health risks involved in industrial, military, space and other uses of ionizing radiation.

Recent experience indicates the need for accelerated activity by the States in the whole area of medical and dental X-ray. The demands being placed upon the States for the certification of hospitals under the medicare program have emphasized the need for expanded efforts in upgrading medical and dental installations. Current Public Health Service programs, including provision of X-ray survey demonstration teams to the States and the furnishing of dental surpaks, will be continued. A similar program using surpaks for the evaluation of certain characteristics of medical X-ray installations is also underway.

The radioactive materials program is another important activity directed towards reducing the hazards of medical uses of non-AEC controlled sources such as radium. Public Health Service efforts are directed towards advising the States on proper survey methodology for installations using radium and the implementation of techniques for determining the integrity of radium source encapsulation.

Concentrated work effort continues on analysis of potential health effects of proposed major nuclear installations. This is done for the States and the Atomic Energy Commission. Such service is essential for an independent health appraisal of the environmental and human exposure potential. Current projections of the Atomic Energy Commission and other agencies indicate that the number of such installations to be constructed within the next few years will be increasing at an unprecedented rate.

Efforts in this entire activity can be related directly to two factors. The first is a marked increase in total radioactivity resulting from more widespread use of a number of radiation sources. The second is the knowledge and experience gained from research and other Public Health Service supported activities that can be applied with increasing effect.

The decrease of \$4,000 is due to one less day of pay in 1968.

IONIZING RADIATION

Senator HILL. Now we will take the next witness. The next is radiological health.

Mr. Terrill, we are glad to have you here and we are glad to hear from you.

Mr. TERRILL. Thank you, Mr. Chairman. Mr. Chairman and members of the committee, throughout history, mankind has been exposed to a wide variety of hazardous factors in his environment, to many of which, over thousands of years, he has been able to make successful adjustment. In recent years, the hazards of ionizing radiation have caused particular anxiety because of the variety of malignant and other changes that may follow irradiation.

RADIATION EXPOSURE BENEFITS

However, proper emphasis must also be given to the beneficial aspects of many procedures that involve radiation exposure. The fact is well established that the benefits of the appropriate medical use of radiation far outweighs the hazards and that, given adequate protective measures, the uses of radioactive materials and the peaceful employment of nuclear energy represent great technological advances.

DENTAL AND MEDICAL X-RAY VISITS

There are an estimated 210,000 X-ray units used in the healing arts. At this time they constitute one of the major man-made sources of radiation exposure to the general population. The 1964 Public Health Service survey found that there were over 143 million X-ray visits yearly—50 million dental and 93 million medical. This represents a 7.6 million increase over the previous reporting period in 1961.

EQUIPMENT AND TECHNIQUE STANDARDS

In order that X-rays may be used with optimal efficiency while at the same time reducing patient exposure to a minimum, our program is directed to the objectives that all equipment meets recommended standards and that the most advanced techniques are employed by competent operators.

Senator HILL. Unless you follow these standards, you invite danger, do you not?

Mr. TERRILL. Yes, sir.

Senator HILL. I remember some of our early radiologists died with cancer, as a result of radiation. All right, will you proceed.

Mr. TERRILL. Examples of steps being taken toward meeting these objectives include a continuing effort to develop standards for X-ray equipment for application by the State health agencies and possible ultimate use as Federal standards.

TRAINING

In the training area, both through contract projects and center sponsored meetings, our training program is undergoing modifications more adequately to meet training needs that will result in better techniques and maximum effectiveness in the utilization of this equipment.

In the professional training area, we have contracts designed to develop model curricula for the training of engineers, scientists, and physicians who will work with X-rays. In the technician area, this past year a national conference on X-ray technician training was held as a first step toward developing a model training program for personnel below the professional level.

ENVIRONMENTAL RADIOACTIVITY

With respect to environmental radioactivity, the projected increase in construction and utilization of nuclear power facilities will result in a progressively increased demand for technical review and surveillance of such facilities and other applications of atomic energy.

The National Center for Radiological Health is emphasizing its program for the analysis of the potential and actual effects upon the environment and for estimation of human radiation exposure from the operation of these facilities.

We feel it is also essential that studies be conducted to determine environmental contamination from nuclear power plants, so their contamination potential can be compared with conventional power sources. Work in this area has been started.

Senator HILL. I think that this is a very important because we are moving into this nuclear age. You heard me asking the question about the TVA nuclear plant, in north Alabama.

Mr. TERRILL. Yes, TVA is moving ahead in this area quite rapidly. Even though some of their plants are located in rural areas, they provide a good place to get basic data on both nuclear and conventional power plants.

In addition, programs are being carried out to provide data on the extent and character of an accidental release of radioactivity in order to guide planning for necessary protective actions.

The genetic exposure from all man-made radiation sources now represents a substantial fraction of natural radiation background. For a number of years a man-made dose less than natural background has been considered to be a limiting benchmark for radiation control.

However, both the sources of radiation and the opportunities for exposure continue to increase. It is necessary therefore to continually seek to reduce the total exposure from individual X-ray sources.

BUDGET REQUEST

Our request for \$15,687,000 in 1968 provides for maintenance of programs at approximately the same level as for 1967.

1967 APPROPRIATION

Senator HILL. I recall that last year this committee added \$500,000 for radiological health, and the increase was accepted by the House, from the House conferees. Of the \$500,000, \$250,000 was provided for work at the Colorado State University and \$250,000 for more effective use of X-rays. I am rather surprised that the estimate for 1968 is some little bit lower than the 1967 appropriation.

ADMINISTRATIVE JUDGMENT RE PROGRAM GROWTH AND ANTICIPATED PROGRAM COST INCREASE

Mr. TERRILL. Well, this cuts across the administrative chain, and appears to be influenced by several factors. One is that we have made good progress in some areas and two, administrative judgment with respect as to how rapidly this progress can be applied.

However, it is probable that this delay may ultimately result in increased cost.

Senator HILL. Will you state that again?

Mr. TERRILL. I say if our judgment is correct, and we delay the development of new systems of using medical X-rays, the overall cost will probably increase. It is their judgment that it can be delayed. These appear to be the factors affecting this decision.

Senator HILL. What is their competence in this field?

Mr. TERRILL. I think that their decision was based on budget requirements and overall knowledge of national needs.

Senator HILL. I am afraid that won't be a very good answer to some poor fellow who suffered some injury or developed a cancer from the lack of proper protection from radiation.

Mr. TERRILL. That won't be a good answer to him.

Senator HILL. I think that is right.

FUNDING OF ONGOING PROGRAMS

Mr. TERRILL. These funds will enable us to continue ongoing programs such as: (1) maintaining and operating national surveillance networks which provide for continuous monitoring of the environment to detect radiation potentially harmful to the health of the population and to furnish continuous data useful for scientific purposes.

The networks provide for detecting and establishing trends in the incidence of radionuclides of public health significance. For example, tritium and carbon-14 are beginning to appear in large amounts.

REACTION CAPABILITY FOR UNUSUAL CONTAMINATIONS AND TRAINING

In addition, it is essential to have in readiness a standby capability which can react to unusual contamination events; (2) providing technical short-course training for radiological health personnel.

During 1967 approximately 1,800 persons in Federal, State and local programs will have received specialized training; (3) conducting radiobiology and epidemiology studies to obtain more precise information on low-level radiation dosage and its biological effects.

RADIATION EXPOSURE GUIDES

The results of these studies provide indices needed to establish and modify radiation exposure guides. For example, our collaborative studies utilizing the dog colony at Colorado State University will give us additional information on the health effects of low-level exposures to ionizing radiation, particularly in establishing the difference in effects of exposure of embryos and young animals as opposed to adult animals; and (4) providing technical assistance and support to State health agencies as a method by which measures to reduce radiation exposure are implemented.

For example, in calendar year 1966 assistance was provided to nine States in the review of the possible environmental and health effects of 14 major nuclear facilities including reactors and fuel reprocessing plants.

In calendar year 1967 it is anticipated that a minimum of 37 such facilities located in 19 States will be subjected to technical evaluation from the viewpoint of potential contamination and population exposures.

COMPREHENSIVE HEALTH PLANNING AND SERVICES APPROPRIATION

TRAINING GRANTS TO EDUCATIONAL INSTITUTIONS

Another appropriation, "Comprehensive health planning and services," includes grants for the training of radiological health specialists and technicians. Training grants are made to educational institutions to support development and presentation of radiological health curricula and to give financial help to selected students.

I will be happy to answer any questions you may have.

REVIEW OF NUCLEAR FACILITIES FOR ENVIRONMENTAL CONTAMINATION

Senator HILL. You spoke about the calendar year 1967, that it is anticipated 37 such facilities located in 19 States will be subjected to technical evaluation from the viewpoint of potential contamination and population exposures.

Of course, calendar 1967 expires December 31. What about the rest of this fiscal year of 1968?

Mr. TERRILL. At the time that this was written, we did not have estimates on the number of facilities that would be planned to the point where you could review them from an environmental contamination standpoint.

Senator HILL. Do you have that now?

Mr. TERRILL. I would presume we could give you a more up-to-date figure.

Senator HILL. Suppose that you provide us with a more up-to-date figure for the record, will you do that?

Mr. TERRILL. I will be glad to do that.

(The information follows:)

INCREASED USE OF NUCLEAR POWER REACTORS

The most recent figures available on the number of nuclear reactors to be evaluated in FY 1967 and new reactors announced for FY 1968 are shown below. These figures are based on announcements of contracts awarded, applications for construction permits received by the PHS from the AEC, and on AEC announcements dated March 27, 1967, and April 10, 1967. New announcements may be expected to increase the number of nuclear reactors planned for FY 1968.

For fiscal year 1967 projected as of	21 nuclear reactors with an installed
April 15, 1967	generating capacity of 16,400 megawatts electrical

For fiscal year 1968 projected as of	25 nuclear reactors with an installed
April 15, 1967	generating capacity of 18,730 megawatts electrical

In the announcement the AEC also reported that the new nuclear power plants for 1967 would produce more power than would new fossil fuel plants; that is, 53% and 47% respectively. Further, the demands for electricity in the United States is nearly doubling every 10 years.

The total fission products generated and processed is roughly proportional to the power being generated. The possibility of accidents is probably more nearly proportional to the number of facilities.

Senator HILL. I think that this work is most important, myself.

Mr. TERRILL. I do, too.

Senator HILL. Of course you didn't bring an X-ray here, did you?

Mr. TERRILL. No indeed.

Senator HILL. If you had, we would have had a bigger exodus than we have had in the audience.

You brought us another good statement and we certainly appreciate it.

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HEALTH SERVICES

COMMUNITY HEALTH SERVICES

STATEMENT OF DR. PAUL Q. PETERSON, DEPUTY DIRECTOR OF THE BUREAU OF HEALTH SERVICES; ACCOMPANIED BY DR. JOHN W. CASHMAN, DIRECTOR, DIVISION OF MEDICAL CARE ADMINISTRATION; DR. ROBERT I. JASLOW, DIRECTOR OF THE DIVISION OF MENTAL RETARDATION; DR. JAMES B. WHARTON, DIRECTOR, DIVISION OF COMMUNITY HEALTH SERVICES; DR. CARRUTH J. WAGNER, DIRECTOR, BUREAU OF HEALTH SERVICES; G. R. CLAGUE, ACTING CHIEF FINANCE OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

HEALTH SERVICES

COMMUNITY HEALTH [PRACTICE AND RESEARCH] SERVICES

To carry out, to the extent not otherwise provided, sections 301, 303, [306, 309] 310, and 311 [314(c), title VII and title VIII] of the Act, Executive Order 11074 of January 8, 1963, [8124,280,000.] *part C of the Mental Retardation Facilities Construction Act (42 U.S.C. 2261-2677) and for project grants for construction of university-affiliated facilities for the mentally retarded as may be authorized by law, and the Community Mental Health Centers Act (42 U.S.C. 2681-2687), \$64,448,000, of which \$10,000,000 shall remain available until expended for grants for facilities pursuant to part B of the Mental Retardation Facilities Construction Act, and \$15,000,000 shall be available until June 30, 1969, for grants for facilities pursuant to such part C of the Mental Retardation Facilities Construction Act: Provided, That \$4,075,000 may be transferred to this appropriation, as authorized by section 201(g) (1) of the Social Security Act, as amended, from any one or all of the trust funds referred to therein and may be expended for functions delegated to the Surgeon General by the Secretary under title XVIII of the Social Security Act: Provided further, That there may be transferred to this appropriation from "Community mental health resource support" an amount not to exceed the sum of the allotment adjustment made by the Secretary pursuant to section 202(c) of the Community Mental Health Centers Act.*

[Loans, grants, and payments for the next succeeding fiscal year: For making, after March 31 of the current fiscal year, loans, grants, and payments under section 306, parts C and F of title VII, and part B of title VIII of the Act for the first quarter of the next succeeding fiscal year, such sums as may be necessary, and the obligations incurred and expenditures made hereunder shall be charged to the appropriation for that purpose for such fiscal year: *Provided, That such payments pursuant to this paragraph may not exceed 50 per centum of the amounts authorized in section 306, part C of title VII and part B of title VIII for these purposes for the next succeeding fiscal year.*]

[For an additional amount for "Community Health Practice and Research", \$4,000,000: *Provided, That this appropriation shall be effective only upon enactment of H.R. 13196, 89th Congress, or similar legislation.*]

Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Medical care administration and community health:						
a. Grants:						
(1) Research.....		\$5,323,000		\$7,958,000		+\$2,635,000
(2) Fellowships.....		150,000		250,000		+100,000
(3) Training.....		500,000		800,000		+300,000
(4) Migrant health services.....		7,200,000		8,100,000		+900,000
b. Direct operations:						
(1) Medical care administration programs.....	574	12,351,000	710	15,459,000	+136	+3,108,000
(2) Community health programs.....	376	8,467,000	430	10,155,000	+54	+1,688,000
	198	3,884,000	280	5,304,000	+82	+1,420,000
Subtotal.....	574	25,524,000	710	32,567,000	+136	+7,043,000
2. Mental retardation:						
a. Grants:						
(1) Research.....		53,000		126,000		+73,000
(2) Hospital improvement.....		8,972,000		8,972,000		
(3) Construction:						
(a) University affiliated.....		10,000,000		10,000,000		
(b) Community services facilities.....		215,000,000		15,000,000		
(4) Mental retardation implementation grants.....		32,750,000				-2,750,000
b. Direct operations.....	79	1,633,000	89	1,858,000	+10	+225,000
Subtotal.....	79	38,408,000	89	35,956,000	10	-2,452,000
Total obligations.....	653	63,932,000	799	68,523,000	+146	+4,591,000
Unobligated balance, reserve.....		202,000				-202,000
Total, comparable new obligational authority.....	653	64,134,00	799	68,523,000	+146	+4,389,000

¹ Excludes \$8,256,200 unobligated balance available from 1966.

² Includes \$445,865 net difference between unobligated balances beginning and end of 1967.

³ Excludes \$630,343 unobligated balance available from 1966.

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	653	799	+146
Full-time equivalent of all other positions.....	21	21	
Average number of all employees.....	584	689	+105
Personnel compensation:			
Permanent positions.....	\$5,716,000	\$7,136,000	+\$1,420,000
Positions other than permanent.....	205,000	210,000	+5,000
Other personnel compensation.....	26,000	27,000	+1,000
Total personnel compensation.....	5,947,000	7,373,000	+1,426,000
Personnel benefits.....	632,000	742,000	+110,000
Travel and transportation of persons.....	882,000	1,022,000	+140,000
Transportation of things.....	79,000	95,000	+16,000
Rent, communications, and utilities.....	227,000	368,000	+141,000
Printing and reproduction.....	145,000	229,000	+84,000
Other services.....	523,000	629,000	+106,000
Project contracts.....	4,819,000	6,048,000	+1,229,000
Payment to "Public Health Service" management fund.....	475,000	507,000	+32,000
Payment to "National Institutes of Health" management fund.....	16,000	16,000	
Supplies and materials.....	114,000	138,000	+24,000
Equipment.....	125,000	150,000	+25,000
Grants, subsidies, and contributions.....	58,388,687	51,206,000	-7,182,687
Total obligations.....	172,372,687	68,523,000	-3,849,687

¹ Includes \$8,440,687 net unobligated balance brought forward: Construction grants, \$7,810,344; implementation grants, \$630,343.

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1493

Summary of changes

1967 enacted appropriation-----	\$128,280,000
Comparative transfers from—	
“Chronic diseases and health of the aged”-----	6,302,000
“Hospital construction activities”-----	25,206,000
“Mental health research and services”-----	8,972,000
“Medical care services”-----	10,385,000
Other accounts for President's Committee on Mental Retarda- tion -----	316,000
Comparative transfers to—	
“Comprehensive health planning and services”-----	—17,277,000
“Health manpower education and utilization”-----	—74,182,247
Transferred from “Social security trust fund accounts”-----	3,512,000
Transferred to “Operating expenses, Public Buildings Services,” General Services Administration (space rental)-----	—324,000
Appropriation available from prior year-----	—27,055,753
Unobligated balance, reserve-----	—202,000
1967 total estimated obligations-----	63,932,000
1968 estimated obligations-----	68,523,000
Total change-----	+4,591,000

	Base		Changes from base	
	Posi- tions	Amount	Posi- tions	Amount
Increases:				
A. Built-in:				
1. Annualization of 81 new positions and program costs authorized in 1967-----				\$463,000
B. Program:				
1. Medical care administration and community health:				
(a) Research grants-----		\$5,323,000		2,635,000
(b) Research fellowships-----		150,000		100,000
(c) Research training grants-----		500,000		300,000
(d) Migrant health grants-----		7,200,000		900,000
(e) Health insurance operations-----	221	3,467,000	44	723,000
(f) Health economics-----	34	915,000	10	634,000
(g) Rural health program-----	3	155,000	67	814,000
(h) Initiation of family planning services program-----			15	500,000
(i) Pro rata share of Public Health Service management fund-----		408,000		32,000
2. Mental retardation:				
(a) Research grants-----		53,000		73,000
(b) President's Committee on Mental Retardation activities-----	7	316,000	10	281,000
Total program increases-----			146	6,992,000
Decreases:				
A. Nonrecurring items of equipment and program absorption to accommodate requirements for funding the President's Committee on Mental Retardation-----				—98,000
B. 1 less day of pay in 1968 (261 days in 1967; 260 days in 1968)-----				—16,000
C. Mental retardation implementation grants-----		2,750,000		—2,750,000
Total decreases-----				—2,864,000
Total net changes requested-----			+146	+4,591,000

EXPLANATION OF CHANGES

1. MEDICAL CARE ADMINISTRATION AND COMMUNITY HEALTH

Research grants

An increase of \$2,635,000 is requested which will provide for continued research to develop and put into actual practice new health service developments.

The increase will provide for 10 additional continuation grants and 3 new grants above the 1967 level. In addition, the increase will support at least 3 centers for experimental research in the organization, delivery, and utilization of health services.

Research fellowships

An increase of \$100,000 is requested to provide for the award of approximately 27 fellowships in 1968 compared with about 18 in 1967.

Research training grants

An increase of \$300,000 is requested which will provide for an estimated five new grants in 1968.

Migrant health grants

An increase of \$900,000 is requested which will provide for approximately ten new projects and expansion of services available in current projects. In 1968, approximately 110 projects will be supported.

Health insurance operations

An increase of \$723,000 and 44 positions is requested to expand capabilities to assess and develop means of improving and coordinating medical care programs and strengthen the activities related to the professional health aspects of the Health Insurance program.

Health economics

An increase of \$634,000 and 10 positions is requested for the expansion of the health economics program. The increase will provide for studies of the supply, demand, cost and use of health services in order to make economics a viable element in health programming.

Rural health program

An increase of \$814,000 and 67 positions is requested for expansion of a rural health program to provide improved health services to rural residents in cooperative pilot projects involving local communities. Rural health specialists will be assigned to ten selected States, and local community development health workers will be employed in two communities in each of these States.

Family planning services program

An increase of \$500,000 and 15 positions is requested to initiate a program directed toward organization and improvement of family planning services.

2. MENTAL RETARDATION

Research grants

An increase of \$73,000 will provide for 2 new grants in the areas of efficient delivery of services and the interrelationship of mental retardation to other health disciplines.

President's Committee on Mental Retardation

An increase of \$281,000 and 10 positions is requested in 1968 to provide for adequate staffing of the President's Committee to carry out the functions described by President Johnson in his May 11, 1966, Executive Order establishing the President's Committee on Mental Retardation. Nonrecurring program costs of \$56,000 result in a net increase of \$225,000 for this activity in 1968.

COMMUNITY HEALTH SERVICES

General statement

Consistent with the intent of the recent Public Health Service reorganization to bring together functionally related programs, this appropriation includes most of the health services programs previously funded in the "Community health practice and research" appropriation, the "Medical care services" appropriation, and the mental retardation programs previously financed from a variety of appropriations.

The appropriation is divided into two major program components: "Medical Care Administration and Community Health" and "Mental Retardation." The first component covers activities directed toward improving the quality, quantity, effectiveness, and availability of health and health protection services in all settings. It includes new approaches for planning and organizing for the delivery

of health services in urban and rural areas. It also includes the provision of professional and technical backup to the Social Security Administration in its administration of Title XVIII of P.L. 89-97 (the Social Security Amendments of 1965). It serves as a focal point within the Public Health Service for drawing upon the many skills and resources needed to effectively implement the Medicare program. The Mental Retardation programs are primarily concerned with the planning, construction, development, operation and improvement of health and rehabilitation resources for the mentally retarded.

To carry out these activities, we are requesting a budget of 799 positions and \$68,523,000. This represents an increase of 146 positions and \$4,591,000 over 1967.

MEDICAL CARE ADMINISTRATION AND COMMUNITY HEALTH

Research grants

1967 estimate-----	\$5,323,000
1968 estimate-----	7,958,000
Increase-----	+2,635,000

Estimated grant requirements

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Noncompeting continuations.....	46	\$2,924,000	56	\$4,337,000	+10	+\$1,413,000
2. New grants.....	40	2,249,000	43	2,321,000	+3	+72,000
3. Research centers.....			3	1,000,000	+3	+1,000,000
4. Supplementals.....	(8)	150,000	(16)	300,000	(+8)	+150,000
Total.....	86	5,323,000	102	7,958,000	+16	+2,635,000

An increase of \$2,635,000 is requested for support of community health and medical care research grants in 1968.

If all persons are to have available to them the health services they need, resources for providing the services must be brought more closely in line with demand. In order to shorten the time required to do this, we must find ways of more effectively using current resources. Some professional competencies are virtually untapped; others are needlessly squandered. Research on the organization and delivery of health and medical services could be one of the most promising means of developing methods to improve the quality and extend the availability of patient care.

With the amount requested, we would support about 43 new grants—many resulting from enactment of Medicare and other health legislation. Other grants will be in the area of community health planning, including the interrelationship of public and private resources. Problems peculiar to the organization and delivery of health services both in rural communities and large, rapidly developing urban areas will receive special emphasis. Other problems to receive attention are those involved in the provision of family planning services.

Current studies in these areas are illustrated by the following: One project has as its objective, exploration of the various ways in which a selected number of outpatient medical organizations combine high cost specialized resources (such as physicians) with lower cost more general purpose resources (such as paramedical personnel and specialized medical equipment). The project will be useful for determining the degree to which other resources are being successfully substituted for physician's time in providing outpatient medical care. A second project is examining operating public health services systems to determine what methods of organization and administration most significantly contribute to the effectiveness of local public health services. We are particularly interested in analyzing the relationship between specific community conditions and effective health service organization. This project should provide knowledge which will aid the public health administrator in planning and organizing more effective public health services. A third example is a project dealing with eco-

nomic research in health within a framework of area wide planning for health care facilities. The project will provide information on the demand for medical care and where it is provided, factors affecting the supply of health care, and health and its relation to the economy. In particular, the long range value will be to develop accurate ways of measuring the economic effects of changes in the population's health levels and the costs and benefits of proposed health expenditures in various areas (hospitals, medical education, public health programs, etc.).

In 1968, one of our major goals will be to establish at least three centers for experimental research in the organization, utilization, and delivery of health services. Such centers would correspond to clinical research centers in the field of clinical medicine. By supporting these centers, we will be obtaining highly competent research groups to concentrate on problems of planning and providing comprehensive medical care and community health services. The incentive of a center type grant enables the university to make commitments which can attract and retain top research personnel to work on these problems. In short, we are obtaining excellent research competency on a broad base, rather than a specific research project. The regular review mechanisms insure the technical competency and adequacy of the projects proposed under these center type grants. We propose to invest \$1,000,000 in this program.

Research fellowships

1967 estimate	-----	\$150,000
1968 estimate	-----	250,000
Increase	-----	+100,000

Currently supported fellowships are directed at predoctoral training for those persons interested in pursuing careers in research on the organization and provision of health services. Individuals presently supported under this program are working in such areas as Planning for Community Health Needs, Geographic Distribution of Health Agencies, and Development of Community Health and Welfare Services.

In 1967, approximately 18 predoctoral fellowships will be awarded. By 1968, we expect to award a number of postdoctoral fellowships as well. Approximately 9 additional fellowships will be supported by the increase of \$100,000. A few of these fellowships will require one year support only, but most of them will require support for as much as 3 years.

The research fellowship program is intended to complement the well established pattern of research grants and research training grants which have proved so productive for other programs of the Public Health Service. Research fellowships consist of direct support to qualified individuals who enroll in health services related doctoral training programs. Success of the research program is dependent upon the availability of qualified investigators.

Research training grants

1967 estimate	-----	\$500,000
1968 estimate	-----	800,000
Increase	-----	+300,000

Estimated grant requirements

	1967 estimate		1968 estimate		Increase or decrease	
	Number	Amount	Number	Amount	Number	Amount
1. Noncompeting continuations	8	\$500,000	8	\$600,000	-----	+\$100,000
2. New grants	-----	-----	5	200,000	+5	+200,000
Total	8	500,000	13	800,000	+5	+300,000

The short supply of well-trained research investigators equipped to deal with the special problems involved in research in public health practice, community health services, and medical care administration is the most critical factor in the advancement of such research. These grants serve to improve research training and support faculty to guide research training, in many critical health areas. For example, a current project underway at the University of Michigan deals with research training in public health administration. Another at Brandeis University in Massachusetts is training researchers to work on problems in medical sociology. The University of California is training researchers in the study of educational problems in public health.

If significant research breakthroughs are to be achieved in the improvement of health and medical care services in the community, we must develop and support increased research in this field. This training program could be a key to accelerating such accomplishments.

The increase of \$300,000 in 1968 will make it possible to extend this training program to include five new projects.

Migrant health services

1967 estimate	\$7,200,000
1968 estimate	8,100,000
Increase	+900,000

An increase of \$900,000 is requested in 1968 to permit the initiation of an additional ten projects and expansion of the services projects currently in operation in order to provide more comprehensive care, including hospitalization, for migrant families. In 1967, approximately 100 projects in 37 States are being supported. These projects provide family health service clinics, nursing visits to families in migrant camps, health education and the services of sanitarians working with migrants and property owners. In addition to providing basic clinic services, housing and environmental conditions are upgraded and migrants are taught how better to care for themselves so that diseases and injuries are less likely to occur. Through a program initiated in 1967, a number of migrant health projects will be providing in-patient hospital care for migrant workers and their families.

We are constantly seeking new and more effective ways of providing needed health care for migrants. For example, projects in Texas and Florida now provide health services to the migrant before he sets out from his home base. This facilitates the detection and treatment of illness while it is easiest to reach him. These projects also carry on health education efforts to enable the migrant and his family to take better care of their health while they are away from home.

Migrant agricultural laborers and their families are among the most deprived groups in the nation. The purpose of this program is to raise the level of migrant health to that of the general population. At present only about 1 out of every 4 migrants is receiving health care at some time during the year through the migrant health program. Moreover, programs to provide needed hospital in-patient care for migrants have only recently been initiated. The increase requested for 1968 will enable positive progress toward this program's goal by: (1) increasing the number of migrants reached; (2) increasing the quality and quantity of out-patient care being received by migrants served by the program; and (3) increasing the current initial level of in-patient hospital care being provided to migrants through this program.

Direct operations

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	574	\$5,883,000	710	\$7,302,000	+136	+\$1,419,000
Other expenses		6,468,000		8,157,000		+1,689,000
Total	574	12,351,000	710	15,459,000	+136	+3,108,000

Summary of program

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Medical care administration programs:						
(1) Health insurance operations.....	221	\$3,467,000	265	\$4,387,000	+44	+\$920,000
(2) Standards and methods.....	24	1,223,000	24	1,242,000	-----	+19,000
(3) Health economics.....	34	915,000	44	1,575,000	+10	+660,000
(4) Nursing home services.....	27	764,000	27	782,000	-----	+18,000
(5) Home health services.....	22	637,000	22	662,000	-----	+25,000
(6) Adult health protection.....	48	1,461,000	48	1,507,000	-----	+46,000
Total.....	376	8,467,000	430	10,155,000	+54	+1,688,000
Community health programs:						
(1) State and urban health services....	94	1,595,000	94	1,632,000	-----	+37,000
(2) Health communications.....	37	1,032,000	37	1,046,000	-----	+14,000
(3) Health services for migrant work- ers.....	50	787,000	50	811,000	-----	+24,000
(4) Rural health.....	3	155,000	70	1,000,000	+67	+845,000
(5) Family planning services.....	-----	-----	15	500,000	+15	+500,000
(6) Physical fitness program.....	14	315,000	14	315,000	-----	-----
Total.....	198	3,884,000	280	5,304,000	+82	+1,420,000
Total, direct operations.....	574	12,351,000	710	15,459,000	+136	+3,108,000

MEDICAL CARE ADMINISTRATION PROGRAMS

Health insurance operations

	1967 estimate	1968 estimate	Increase
Positions.....	221	265	+44
Amount.....	\$3,467,000	\$4,387,000	+\$920,000

Certification by State agencies of hospitals, independent laboratories, extended care facilities, and home health agencies was initiated in 1966 and continued into 1967. The first recertifications, including those institutions presenting the most serious problems, will be underway before June 1967. The Division of Medical Care Administration has had a major role in this activity. Training and consultation have been and will continue to be provided to State agency personnel to prepare them for these tasks. Some personnel have been assigned to State agencies on a continuing basis. During the final weeks of the initial certification operations, additional personnel were assigned for short periods to State and regional offices to help meet the deadline. Regional office staffs reviewed State Agency recommendations and advised the Social Security Administration on certification decisions.

Throughout this period, the Division provided intensive consultation, particularly in the interpretation of the Conditions of Participation and how providers might correct deficiencies and expand and improve their services. Many small, non-accredited hospitals failed to meet certification requirements, and some were given a conditional certification calling for correction of deficiencies within a specified period of time. Principal problems were staffing patterns and qualifications of nurses, medical staff organization, inadequate record keeping and storage, and dietary management. Pharmacy controls were often inadequate. Older structures were not able to meet the physical plant requirements, particularly in States with weak licensure programs. But, as a consequence of devising methods to meet the Conditions of Participation, many will improve the quality of care they provide. Some may be able to draw upon existing expertise or share services of specialists in such areas as pathology, radiology, nutrition, and medical records.

In the latter weeks of 1966, the Division began to compile a national inventory of hospitals, home health agencies, independent laboratories and extended care

facilities, including their status under the Health Insurance Program. This basic information will be available soon and will be extremely useful in constructing regional and local community profiles, pin-pointing deficiencies of all providers and determining the nature and timing of program planning.

Certification, Consultation, Coordination

Ultimately, State agency operations will consist of what we have labeled the "Three C's"—certification, consultation, and coordination. Up to this point, the Division and the State agencies have concentrated primarily on the certification and consultation processes.

Our central office drafted the Conditions of Participation for hospitals, extended care facilities, home health agencies and independent laboratories in Medicare. We administered the supplemental grant appropriation to finance the establishment of new home health agencies and the upgrading of existing agencies that would not otherwise have been certifiable. We supported the recruitment and training of needed personnel, to staff the participating organizations. During this period, the regional offices worked intensively with State agencies in achieving understanding of this vast, complex and fast-moving undertaking. The States applied the Conditions of Participation to individual providers and concentrated on assuring that the Conditions were met or that consultation was instituted toward that end.

In 1968, State operations will continue on certification and consultation. The third function—coordination—will be receiving increased attention. Unless there is effective coordination of Health services and resources, one of the most important promises of the Health Insurance for the Aged Program will not be fully realized. The Congress intended that the patient receive care of good quality in the most appropriate setting, and to that end, authorized a wide range of benefits. Real coordination will mean (a) the best use of the health dollar (b) the most effective use of health manpower and facilities, and (c) the greatest opportunity for improvement in quality of care.

State agencies are charged with the responsibility and are given some financial support to coordinate Title XVIII with other health activities at the State level. There also are provisions again backed by financial incentives, which will encourage coordination of services within communities. But coordination will not come easily and will require substantial support. There are no pat methods. Therefore, it is essential that alternative approaches be explored and that effective methods be devised if the implementation of these provisions is to result in vital working relationships between providers of services and agencies. To this end, the Division in 1968 will foster experiments, demonstrations, and studies, to obtain utilization and cost data under circumstances where there are no financial barriers to the use of home health and extended care services. These studies will cover persons of all ages.

In order to carry out these activities, we will require increases of 44 positions and \$723,000 which will provide 27 positions for strengthening regional offices and providing them with the capability for working closely with State agencies, providers of service, and other community resources; 8 positions for assignment of professional health personnel to States and communities; and 9 positions for activities as described above in improving State agency operations, assistance to smaller hospitals in raising quality of care, and coordination of services. Included in the increase is \$200,000 for contract studies and demonstrations. The estimate also includes \$187,000 for built-in costs related to the annualization of 39 positions new in 1967 and \$10,000 for the Division's pro-rata share of the Public Health Service management fund.

Standards and methods

	1967 estimate	1968 estimate	Increase
Positions.....	24	24	-----
Amount.....	\$1, 223, 000	\$1, 242, 000	+\$19, 000

Standards, such as those developed for Medicare, represent the single most effective method available to assure a constantly higher quality of medical care

nationwide. Therefore, standards, per se, are or should be constantly under review and, where changed, should take reasonable account of the capabilities of providers of health services to comply with them. We believe the standards developed for Medicare during the last 18 months for hospitals, independent laboratories, home health agencies, and extended care facilities are reasonable. Although there is a tendency to set and keep standards at a minimal level in order to qualify an adequate number of providers, such standards do not preclude higher standards in those States whose stage of development exceeds that of other States. The ultimate goal, of course, would be a single set of standards set high enough to assure quality health services throughout the country. In 1968, we will continue to evaluate the effects of the Medicare standards. Special studies will be continued to see how satisfactory the standards are in assuring adequate care to patients, how existing standards should be modified, what additional standards are needed, and how standards affect utilization. Particular attention will be paid to relationships between standards established under Titles XVIII and XIX.

Responsibility for developing and evaluating Conditions of Participation for the Health Insurance Program leads to a natural concern with State licensure programs. To see how the two activities may be complementary, work will continue in 1968 on the relationships between licensure programs and the certification process. Independent laboratories offer an unusual developmental opportunity since so few States have licensing or improvement programs for such laboratories although they are widely used throughout the country. The Division will continue to work closely with the National Communicable Disease Control Center in this area. The Medicare program's requirement for "proficiency testing" (a continuing program of testing actual performance by sending test samples to laboratories), for laboratories with directors who are not fully qualified by education, offers an opportunity to State agencies to protect all patients from the hazards of inaccurate laboratory procedures.

Many State agencies will be sorely taxed to carry out their dual responsibilities for licensure and certification of institutions and agencies. Since the competency of their staffs varies widely, training programs will be promoted in order to meet this immediate problem. Studies to determine effective staffing patterns, work responsibilities, and expeditious ways for carrying out these responsibilities will be given priority.

The effect of the Medicare requirements on national voluntary standard-setting programs has been highly encouraging. For example, in developing the Medicare standards for non-accredited hospitals, the program used as a model the standards of the Joint Commission on Accreditation of Hospitals. The Joint Commission, which has long regarded its standards as minimal, now finds that it will be possible to up-grade its requirements, since the Federal government has now adopted these minimal standards for its programs. Similarly, the American Osteopathic Association, in order to gain acceptance of its hospital accreditation program by the Medicare program, has up-graded all its requirements to a point either equal to or exceeding the Medicare standards. This is the kind of relationship and partnership we hope will continue to develop between official and voluntary standard-setting activities.

Organization of services

To date, the Division has concentrated on standard-setting activities. Increasing attention is planned in 1968 for other areas of organization and administration which affect quality, cost and effectiveness of health services. Increasing numbers of people are receiving medical care in emergency rooms, outpatient clinics, and health centers. These ambulatory settings have not kept pace with the demands being placed upon them by the public. Moreover, outpatient clinics are becoming increasingly specialized, so that even in these organized settings, patients are shunted from one clinic to another with no central source responsible for coordinating the care or assuring continuity of services received. Improved organization and administrative practices are needed to assure that quality service is provided in these settings and that continuity of care is promoted. The Division is working with the American Hospital Association to encourage the focussing of attention, by hospital administrators, on this issue.

Another activity that will contribute to quality and continuity is the joint work with Lemuel Shattuck Hospital, Boston, to evaluate the effect of establishing an out-patient center to which general practitioners may bring their patients for a specialty work-up and consultation.

The importance of record systems in coordinating care for patients has led to arrangements with two large teaching hospitals to re-structure their out-patient record systems to increase their capability for this.

Utilization review

The utilization review process, one of the prominent features of the Health Insurance Program, has considerable potential for improving quality and continuity of care and better utilization of all the resources providing service to beneficiaries. But much work is needed to realize the potential of utilization review which is not yet widely understood.

The requirements in the Health Insurance Program were drafted with the utmost flexibility permitted by law in order to encourage experimentation. The Division will encourage such experiments, evaluate their effectiveness, and make information about successful methods widely available. It will particularly emphasize community-wide and area-wide plans in 1968. Several are already underway; notably, with the American Association of Homes for the Aged, the Montgomery County Medical Society in Maryland, and with the Genesee Valley Medical Foundation in New York State. The Foundation is the research arm of the medical societies of the 14-county area composing the Rochester Regional Hospital Council. It is developing procedures to be followed by local plans; is providing consultation to local medical, hospital, and nursing home groups; and in some instances will carry out the actual review process. Another experiment just getting underway is with the Hospital Utilization Project of Pittsburgh, long known for its pioneering work with hospitals, and now making its service available to extended care facilities.

Many small hospitals and almost all extended care facilities will need help in implementing utilization review plans. The Division will work intensively with State agencies, fiscal intermediaries and professional associations and organizations such as the American Hospital Association, American Medical Association, American Nursing Home Association, American Association of Homes for the Aged, and the Joint Commission on Accreditation of Hospitals so that they too may provide the needed assistance. It will sponsor training sessions for institutional administrative staffs and fiscal intermediary staffs as well as State agency staffs.

Knowledge of the most effective ways of carrying out utilization review will be gained from the kinds of working relationships described above, and also through a research activity now being developed, in consultation with the Division, by the American Hospital Association.

An increase of \$19,000 is requested for built-in costs relating to the annualization of 5 new positions in 1967.

Health economics

	1967 estimate	1968 estimate	Increase
Positions.....	34	44	+10
Amount.....	\$915, 000	\$1, 575, 000	+\$660, 000

The American people and the entire health profession are concerned about the costs of health services. We are proposing a group of long-needed studies which will help us to understand better than ever before the economic factors affecting health costs, and how these factors may be brought bear on recognized problem areas.

In 1968, specific studies will be directed at (a) the net additional cost of arranging and delivering truly comprehensive services which takes into account the hidden costs attributable to fragmentation and duplication of services and resulting inertia on the patient's part; (b) techniques for determining the current level of spending for health in the several States and relating it to measures of the States' fiscal capacity; and (c) determination of true costs in the health services industry contrasted with the charges made by providers of services and related to specific segments of the population paying them.

A saving to a tax-supported program or to a health insurance premium may actually only shift part of the cost to those least able to bear it; as a result, the same individuals may forgo needed services that might have helped prevent larger outlays later. This way of looking at health programs and goals calls for cost-effectiveness study techniques whose value in the health field is now recognized.

Determining the costs of comprehensive care

A body of studies will be pursued to determine the net additional costs of arranging and providing comprehensive health services for the American people.

One group of these studies will focus on costs of health institutions and relationships between costs and types of services provided. Included in this group will be the studies already underway related to nursing homes. Increased attention will be given to home health services.

One organizational pattern which has been proved successful as a means for relieving the heavy burden carried by physicians is group practice. Investigations of the economics of group practice, the cost and advantages of cooperative activities among prepaid group practices, and the optimum size and composition of staffs will be continued and the establishment of more groups will be encouraged. Technical assistance will be provided to the Department of Housing and Urban Development in connection with organizations contemplating the operation of group practice facilities and applying for mortgage loan insurance under P.L. 89-754, the Demonstration Cities and Metropolitan Development Act of 1966. We plan a stepped-up activity using our mechanisms of publications, contracts and technical assistance to be responsive to the mounting interest in the potentials of group practice to provide comprehensive care and reduce fragmentation of services. Part of our effort will go toward working with existing group practice plans in providing care to disadvantaged people and in broadening the scope of their services. The findings will have immediate applicability in other settings.

A pilot study of the cost of educating and training dentists, including the cost of establishing a dental practice, is underway. A series of producer cost studies modeled on this pilot will be undertaken.

Determining spending levels in States

As the States move ahead to carry out the "Comprehensive Health Planning and Public Health Services Amendments of 1966," one of the first requirements will be determination of the current level of spending for health within a State and the Federal, State, local and private resources channeled into this effort. Only with knowledge of these resources and the health services objectives of the myriad programs now in existence can planning for better use of existing health resources and projections of future needs proceed. We will develop methodologies for compiling such information by carrying out such an activity on a cooperative basis in one or more States. In this activity our inventory of providers of service will be an invaluable resource. To be most useful, the cooperative methodology studies should focus on a progressive industrial State where a wide variety of resources are channeled into health and a State where low income and lack of resources inhibit adequate health care for the population.

One of our major concerns in these studies will be the relationship of reimbursement to orderly investment of capital in health facilities. Another will be the design of reimbursement formulae that stimulate rather than inhibit efficient operation of our Nation's hospitals and nursing homes. The decision by the Congress that reimbursement under Titles XVIII and XIX shall be based on actual cost was a large forward step. We must find a way to help hospitals control costs without reducing the quality of care.

The studies of relationships between cost and type of service will be relevant to how spending levels in States are determined. It will be years, rather than months, before the full import to the economy of the methods of reimbursement used in connection with Medicare will be understood. Building upon activities of 1966 and 1967, we expect in 1968 to examine in depth the major components of cost and their influence upon providers of service and third party payors. Guidelines will be developed during 1968 for a formula which recognizes the joint and separate concerns of providers and public purchasers under Titles XVIII and XIX.

Studies of health insurance

Even though considerable strides have been made in removing economic barriers which deter people from obtaining health services, some remain. Some health services still are infrequently included as insurance benefits. Therefore, a major component of the program will continue to involve studies of voluntary health insurance. Emphasis will be placed upon coverage of comprehensive services, including psychiatric care. The results of these studies will provide reliable actuarial data useful to health insurers in determining premium charges.

Studies already initiated point toward savings in dollars and manpower when appropriate alternatives to existing private health insurance benefits are included in the insurance. For example, making psychiatric services available by insuring them appears to reduce patient use of other kinds of doctors and of hospitals;

and gets patients back on the job more rapidly. When nurses and social workers interpret a busy doctor's orders to chronically ill patients, the patients are more likely to understand and follow those orders; deterioration of condition is prevented with savings in hospital bills and physician time. The potential contributions of home health services and extended care facilities to reducing the total costs of an illness will be the subject of a series of studies in appropriate settings. The cost and benefits for third parties and for the economy of prompt initiation of rehabilitation will be analyzed through cooperative studies with the insurance industry. Fortunately, we are finding the health insurance industry increasingly receptive to working cooperatively with Government.

An increase of 10 health economic positions and \$634,000 in new program will be required in 1968 to carry out these activities, including \$525,000 for contract studies and investigations. The estimate also includes \$26,000 for built-in costs relating to the annualization of 4 positions new in 1967.

Nursing home services

	1967 estimate	1968 estimate	Increase
Positions -----	27	27	-----
Amount -----	\$764, 000	\$782, 000	+\$18, 000

Nursing homes are becoming a more important element among our health care resources. Medicare has made this so. The mounting impact of chronic illness has made this so. The need for less expensive care facilities has made this so. The needs of our geriatric population—and their sons and daughters—have made this so. This trend is likely to continue, even to accelerate.

All kinds of nursing homes need help to assume their new role. For Medicare to work most effectively, there must be available to a community good extended care facilities to provide the full range of benefits. There also must be good working relationships between the hospitals and extended care facilities.

In moving forward its program to improve all kinds of homes providing nursing care, the Division first must concentrate upon those homes which could qualify as extended care facilities under Title XVIII. In working with potential extended care facilities, the Division must follow the priorities used in working with all health resources: first, to do what needs to be done to help homes qualify as extended care facilities; and second, to help them maintain and improve their services.

In 1967, bi-regional conferences were held to assist State agencies to prepare for certification of extended care facilities to participate in Medicare. Consultation and assistance were provided with respect to such problems as utilization review, transfer agreements, patient care policies, and staffing requirements. These will be followed up in 1968 with conferences on licensure, re-certification and improving services to patients.

The Division continues to encourage the development of hospital-nursing home relationships. A community hospital which serves as the resource center for 15 nursing homes is receiving contract support and has provided a valuable prototype. An institute sponsored by this hospital was attended by administrators from 34 hospitals and 107 nursing homes. In 1967 and 1968, variations of this demonstration will be extended to additional hospitals and nursing homes in different geographic locations. Through this and other mechanisms, the Division will encourage increased physician interest in the direct care of nursing home patients and in patient care policy formulation.

Potential providers of extended care services under the Health Insurance Program already are aware of an acute shortage of the professional health personnel necessary to qualify under Medicare. The Division has initiated three pilot demonstrations for reactivating health personnel in order to help overcome this problem. The techniques and procedures developed through these demonstrations will assist national, State, and local agencies to recruit persons with needed health skills from the inactive and retired health manpower pool.

The Division is sponsoring a series of short-term training programs to prepare professional health personnel including dietitians, pharmacists, nursing personnel, social workers and therapists, to work more effectively on a part-time

or consultant basis with nursing homes and small hospitals. A training program for nursing home administrators has also been developed. This program, which has been tested at three university seminars attended by 150 administrators, will be made available in the coming year to State agencies.

Finally, we will continue to collect and analyze data on extended care facilities for the purpose of estimating future bed and personnel needs as well as program planning. This activity will be strengthened by the series of nursing home studies begun in 1966 and carried out in 1967 and 1968.

An increase of \$18,000 is requested for built-in costs relating to the annualization of 5 new positions in 1967.

Home health services

	1967 estimate	1968 estimate	Increase
Positions.....	22	22	
Amount.....	\$637, 000	\$662, 000	+\$25, 000

During 1966 and 1967, a major emphasis of the Division program has been on accelerating the development of home health agencies and helping as many agencies as possible to qualify for participation in the Health Insurance for the Aged Program. Much has been accomplished through the formula grant program in assisting States in establishing and expanding home health programs and services.

The involvement of practicing physicians and their professional associations is essential to the effective growth and utilization of home health services. Working with the leading organizations of physicians and with national organizations sharing a community of interest in home care, the Division will support and help this partnership to carry out planned activities designed to produce, over the coming year, a body of physicians more aware than ever before of the advantages of supportive home health services, and a more substantial role for home health care in this Nation.

Yet the challenge in 1968 will be greater: namely, making progress in bringing to all areas home health services of good quality and in sufficient quantity. There are areas in which population groups live in localities not served by the resources of a nearby large city, in which personnel are not readily available, or in which there are too few persons to support a home health agency. Many of our cities do not yet have a single home health agency and some of the large cities do not have enough programs to meet the need. Staff activities during 1968 will be directed toward identifying improved administrative methods and successful patterns of service which can be adapted to these rural and urban communities. It is not enough that agencies simply exist in communities where the aged live; the agencies must be well enough staffed to provide all the service required by the people of all ages. They must be encouraged to improve the quality of services provided and it is in these areas that the activities will be concentrated in 1968.

The conditions which home health agencies must meet in order to participate in Medicare constitute the first set of national standards for home health services. Many agencies, especially smaller ones, will not know how to best implement or take advantage of these. The Division will assist them by making available operational tools. For example, it will collect and disseminate prototypes of written policies and record systems required in the Conditions of Participation. It will consider how best to carry out the required evaluation of the agency's program.

Efforts must continue to be made to see how non-professional personnel, such as home health aides, may be used appropriately and effectively and receive the required professional supervision. The need for supervision in the home is even greater than in hospital care, and it is more difficult to provide. The Public Health Service collaborated with the Office of Economic Opportunity and the Administration on Aging in 1966 and 1967 in developing a group of pilot training projects to train poor, older individuals to become home health aides. Special institutes were held for the project directors and chief training coordinators. Evaluation of the effectiveness of training activities is basic to revisions in the training program content for home health aides and development of national standards.

In order to increase the effectiveness of home health services, training opportunities for community planners, administrators and service personnel are needed. Seven training centers for home health and related services are in operation.

While already providing invaluable services, these centers are interested in further expanding their offerings. Applications for both long-term and short-term training grants from existing programs will be encouraged to the fullest to accomplish this. To supplement these mechanisms, the Division will continue to assist centers (1) to employ staff to plan, conduct and coordinate training activities and (2) to extend training opportunities to both professional and supporting personnel providing particularly out-of-hospital services.

Medical, nursing and social factors must be taken into account in selecting patients able to benefit from home health services. Also essential is the ability to discharge or promptly transfer patients to more suitable settings. One study, being carried out under contract, is directed toward developing a method for evaluating patient needs. Further study will be undertaken in order to develop a system of matching a patient's need for care to the levels of care available in the community.

Information, referral, and counselling services are essential if patients are to be referred most expeditiously to the setting appropriate for their care throughout the Nation. There were 75 identifiable programs carrying out this function in 1966. In 1967, the Division will publish an inventory of these programs. It also will explore the potential of these programs to serve as effective community planning agents. As a result of these efforts, guidelines as to the development, organization, staffing and utilization of these programs will be developed.

In 1968, the Division will continue to seek to stimulate additional work in these several areas.

An increase of \$25,000 is requested for built-in costs relating to the annualization of 5 new positions in 1967.

Adult health protection

	1967 estimate	1968 estimate	Increase
Positions.....	48	48	
Amount.....	\$1,461,000	\$1,507,000	+\$46,000

Health protection

A project funded by the Public Health Service and conducted by the Kaiser Permanente Health Plan has demonstrated the feasibility of automating and computerizing tests and processes which provide indicators of the presence of asymptomatic chronic and other diseases in an individual.

This information provides the physician in advance of his examination of a patient with the laboratory data he needs to make his medical judgments. Included are significant indicators of heart diseases, cancer, kidney diseases, vision and hearing defects, chronic respiratory conditions, and several other abnormalities.

The large-scale use of such an automated system should eventually make feasible regular and comprehensive health appraisal for all our aging citizens. Such periodic health appraisal is the primary available key to the maintenance of health for this high-risk population. The early medical management of diseases, which early detection makes possible, can prevent or delay illness and disability. When compared to the high costs of treating long-term illness and disability discovered belatedly, dollars spent in early detection are a sound investment.

To provide experience in, and demonstrate, *community* application of the Kaiser Permanente multiphasic health testing program, small projects have been started in four large cities. Preliminary planning, equipping and staffing will be largely completed in 1967. During 1968 we will have the first opportunity to observe and tentatively appraise the actual provision of health protection services to significant numbers of people.

Health counseling

In Peoria, Illinois, Milwaukee, Wisconsin, and New Orleans, Louisiana, the Social Security Administration is cooperating with the Public Health Service in developing a method of positive health counseling for retirement benefit applicants. Preliminary evaluation indicates that counseling does motivate significant numbers of persons to begin programs of active health maintenance. During 1967,

four additional projects will be started in other locations in order to gain experience with various other socioeconomic groups. Meaningful evaluation, based upon this broader and more representative experience, will begin in 1968. Particular attention will be given to studying the feasibility of using non-professional personnel as counselors.

Education

The 1967 educational program concentrates on developing specific courses in applied gerontology for practicing physicians. These courses, developed around specific disease processes or body systems, are designed for presentation in particular settings and for particular lengths of time.

During this period, three more Gerontology centers will be established in schools of continuing education. The 1968 program will be based on these activities. Detailed courses prepared in 1967 will be used in the Gerontology Centers, and monographs will be developed from the courses for experimental direct mailing to physicians. Under contract, short-term educational programs under the auspices of national organizations will be carried out in hospitals, medical society meetings, and the like. One or two productions suitable for educational or closed-circuit television will be planned.

An increase of \$46,000 is requested for built-in costs relating to the annualization of 8 new positions in 1967.

COMMUNITY HEALTH PROGRAMS

State and urban health services

	1967 estimate	1968 estimate	Increase
Positions.....	94	94	-----
Amount.....	\$1,595,000	\$1,632,000	+\$37,000

In 1968, State and Urban Health Services funds will provide continued support for intramural and directed contract studies, analyses and evaluations aimed at identifying gaps and weaknesses in current methods of planning for and providing health services. These studies will furnish the necessary tools with which States and communities can effectively implement and improve their planning and services programs. The knowledge and techniques to be developed under this program are essential to the continuing development of effective systems for the organization and delivery of health services throughout the nation.

Work presently underway in this program includes a joint effort by three Virginia cities to establish neighborhood health facilities. Another project involves consolidating a variety of basic data presently being gathered by a number of agencies in one city. This includes data on housing, income levels, education, disease incidence, and traffic flow. Although these data could be very useful in developing and providing health services, there is usually no coordinated system for making it available in a timely and meaningful fashion. Development of an integrated information system will pinpoint health problems within the city and permit all agencies concerned to more effectively meet the health needs of the people.

A project is being initiated with a school district which will provide referral and counseling services to school children through an intensive school health referral program. The project will provide for after hours counseling of parents in their homes. We expect to demonstrate that for a relatively small investment, intensive referral and counseling services by qualified school nurses can significantly improve the success of efforts to obtain treatment for conditions disclosed during regular school health examinations.

An increase of \$37,000 is requested for built-in costs relating to the annualization of 5 new positions in 1967.

Health communications

	1967 estimate	1968 estimate	Increase
Positions.....	37	37	-----
Amount.....	\$1,032,000	\$1,046,000	+\$14,000

Health Communications programs are vital to the development of comprehensive public health services in communities throughout the nation, since such services often can be developed in a community only as citizens are made aware of the need and are stimulated to take effective action.

In 1966 and 1967, guidelines for community education and action to improve health services were and are being developed by an expert group. Initial efforts to field-test these guidelines in one community are planned for 1968. This model community action program will emphasize effective methods of developing broad professional and citizen participation in planning for, obtaining, supporting, and appropriately using comprehensive health services. This program will subsequently serve to train representatives of other committees.

In addition, several pilot projects in patient education using new educational techniques will be supported in 1968. We know, for example, that motion pictures have a much greater appeal and teaching potential than a simple pamphlet. A study will be made of the effectiveness of 8mm color sound film, in quick-loading, non-rewind, cartridge viewing machines placed in waiting rooms for patients' free use. Evaluation studies will be carried out on the effectiveness of patient education in private physician's offices and in clinic waiting rooms, using programmed education techniques. These would include and compare the effectiveness of programmed text books of simple design and the use of teaching machines.

An increase of \$14,000 is requested for built-in costs relating to the annualization of 2 new positions in 1967.

Health services for migrant workers

	1967 estimate	1968 estimate	Increase
Positions.....	50	50	-----
Amount.....	\$787,000	\$811,000	+\$24,000

In 1968, the program of health services for migrant workers will continue to furnish technical consultation and assistance to migrant health project grants to improve the effectiveness and efficiency of their operations and provide coordination within and between project areas. The development of innovations, such as the use of health aides drawn from the migrant worker population to assist in local projects, will be fostered in projects, and studies to test their effectiveness will be made. Conferences and seminars of local project workers from different locations will be held to exchange ideas and information relating to similar problems and successful approaches to these problems. In addition, these meetings will promote coordination between the projects, identify vital research subject areas and qualified researchers, and develop improved systems and methods of identifying migrants and their migration patterns. A work group on migrant referral forms and systems comprised of selected project representatives will continue the evaluation of communication systems to improve continuity of health care along major migrant streams.

In-depth research on migrant housing needs, design and construction features, costs, and availability will be continued through contracts to help improve migrant housing conditions. The cooperative agreement with the Department of Agriculture in the field of short-term occupancy housing will be continued. In 1968, the demonstration stage of this project will be completed and evaluations of the acceptability of various test models will be initiated.

In addition, a contract will be initiated for a series of discussion-type health education films for use with migrant families to complement the series which is already available. This additional series will be geared to the problems of (1) accidents and safety, (2) prenatal and postnatal care, (3) communications and communicable disease control, (4) utilization of health services.

An increase of \$24,000 is required for built-in costs relating to the annualization of 5 new positions in 1967.

Rural health

	1967 estimate	1968 estimate	Increase
Positions.....	3	70	-----
Amount.....	\$155,000	\$1,000,000	+\$845,000

In 1968, we are requesting an increase of \$814,000 and 67 positions to implement the recommendations of the Rural Development Committee. This Committee, composed of Secretarial-level representatives from the various Federal agencies concerned with rural development, has charged the Public Health Service with responsibility for establishing a broad program of rural health pilot projects and for developing a National Rural Information and Communication Center. All of the work planned is based on a close working relationship with the Department of Agriculture and other interested agencies at both the Federal and local levels.

During 1967, the first year of funding for the rural health program, small rural health pilot projects will be started in two or three selected rural communities. In 1968, using knowledge and experience gained in 1967, we will begin an expanded program of rural health pilot projects. Rural health specialists will be assigned to each of ten selected States, and local community development health workers will be employed in two communities in each of these States. This staff, in conjunction with representatives of the Department of Agriculture, will work with State and local groups in the development of programs to bring comprehensive health services to the people in rural areas. The rural health specialists and community development workers will be responsible for working with these State and local groups: (1) to see that the problems and needs of rural people are brought into broad State health planning programs; (2) to appraise general health needs of rural areas in the State; (3) to assist in the development of local community surveys of needs and resources; and (4) to devise rural health service improvement studies or demonstrations to be carried out under contract or grants.

In order to support the major effort undertaken in the pilot project field program, the 1968 request also provides for an essential headquarters staff with broad responsibility for program planning and development, technical assistance, program direction, interagency coordination of services, and program evaluation. The staff will assist in the initiation of individual pilot projects, coordinate their efforts, and assure that information and techniques found to be useful in one rural area are made available to projects in other areas. Staff members will furnish information, consultation, and evaluate project activities.

The proposed increase will provide an operating budget of \$160,000 and 14 positions for the Rural Information and Communication Center. This program will initiate a variety of experimental approaches aimed at improving access to and use of information in selected rural areas. These Rural Information and Communications Centers will help to determine the kinds of health information rural people need and effective ways of providing this information.

An increase of \$31,000 is requested for built-in costs relating to the annualization of 3 positions new in 1967 and a pro-rata share of the increase in the Public Health Service management fund.

Family planning services

	1967 estimate	1968 estimate	Increase
Positions.....		15	+15
Amount.....		\$500,000	+\$500,000

Family planning services offered through the individual or combined efforts of public, voluntary and private agencies need to be recognized and encouraged as an essential component of the total health services available in communities. Experience in family planning programs indicates that this service has broad socio-medical implications for the family through its effect on their utilization of other health services and general approach to health. Conversely, the provision of family planning services is facilitated by other community health programs which can serve as channels for participation in family planning programs.

The 15 positions and \$500,000 proposed for 1968 are needed to initiate a program of family planning services. The first year emphasis in this program will be on evaluating the great variety of approaches now being used in providing family planning services. These include separate clinics, family planning as part of a comprehensive health program, and family planning tied to maternal care centers. To date, very little has been done to genuinely evaluate and compare these different approaches for effectiveness and efficiency. Such evaluation is essential in view of the demand for and probable increase in Federal and local moneys that will go to provide such services in the next few years.

Our concern goes beyond the basic concept of giving assistance in planning family size. We plan to conduct epidemiological studies of the dynamics of the family, its dimensions and characteristics and the ecological significance of such factors in the provision and use of family planning services. A truly comprehensive program must address itself to related problems such as a reduction in the production of predictably defective infants. Current medical knowledge, if properly applied through a system of comprehensive family planning services, can significantly reduce the incidence of diabetes, mongoloidism, PKU-caused mental retardation, and other congenital disabilities in new born children.

Physical fitness program

	1967 estimate	1968 estimate	Increase
Positions.....	14	14	
Amount.....	\$315,000	\$315,000	

During 1968, the President's Council on Physical Fitness will devote its efforts largely to refining and strengthening those programs already developed. The Presidential Physical Fitness Awards Program will be continued, including annual revision, printing and distribution of official information and application forms. Promotions of this program will be undertaken through the schools and the communications media.

One national advertising campaign, coinciding with the beginning of the school year, will be carried out promoting the Presidential Physical Fitness Award. A second campaign, urging communities to open their school sports and recreation facilities for evening, weekend and summer use will be started in January and will continue through the spring. Both campaigns will be developed at a minimal cost to the government with substantial voluntary assistance.

Leadership training clinics for physical education and recreation personnel will be held to acquaint teachers, school administrators, youth serving groups, and recreation agencies with the latest information on physical fitness, new teaching methods and modern conditioning techniques.

The program will continue to publish and disseminate physical fitness information such as news releases and newsletters and will up-date and revise existing publications. New pamphlets and mailing pieces will be developed as new films, publications and other fitness aids become available.

The Council plans to develop a local action program supporting the campaign to open up school sports and recreation facilities to the public. The major cost of this program, as well as the time and effort required to promote the program in local communities, will be borne by volunteer non-Federal sources. The Council hopes to similarly multiply its financial and manpower resources with cooperative efforts in other areas.

MENTAL RETARDATION

Research grants

1967 estimate	\$53,000
1968 estimate	126,000
Increase	+73,000

Estimated grant requirements

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
1. Noncompeting continuations.....	2	\$53,000	2	\$51,000		-\$2,000
2. New grants.....			2	75,000	+2	+75,000
3. Supplementals.....						
Total.....	2	53,000	4	126,000	+2	+73,000

With the increasing emphasis being placed on Federal programs for the initiation and support of services for the mentally retarded, it is imperative that appropriate research activities be undertaken to improve the delivery of these services.

Research is needed to explore such areas as (1) the relationship between health programs which may include medical, dental, nursing, nutritional and social services and the various levels of mental retardation, and (2) the demonstration of more economical and efficient ways of providing and delivering services to the mentally retarded in various settings, such as care services in the home, homemaker services, day care centers, nursing homes, hospitals, information and referral centers and coordinating community care programs.

Hospital improvement grants

1967 estimate.....	\$8,972,000
1968 estimate.....	8,972,000

Increase.....

This program provides support for demonstrations of improved methods of care, treatment, and rehabilitation of the mentally retarded in State institutions and for inservice training for personnel who are employed in such institutions. Its objectives are to strengthen therapeutic services and improve the quality of patient care, and to increase the contributions that these institutions can make as an integral part of the comprehensive community mental retardation programs of the future.

In 1967, approximately 100 grants are being awarded at a cost of approximately \$6,790,000 for demonstration projects. The major emphasis of this activity is on improving treatment, training and rehabilitation programs for the severely retarded patient within the institution. The grants are also supporting alternatives to twenty-four hour hospitalization such as day care, and methods of coordinating hospital and community services to the patient and his family.

While the program is still too new for a formal assessment of its impact on patients, it is already clear that many of the severely retarded, custodial patients are responding positively to the new treatment programs. This response is raising expectancies of what can be accomplished with "Chronic" patients.

In 1967, approximately 100 grants are being awarded at a cost of approximately \$2,182,000 for inservice training projects. The major emphasis of this activity is to increase on a continuing basis the effectiveness of available staff in residential facilities for the mentally retarded in order to translate rapidly increasing knowledge into improved service to people. Continuing education and on-the-job instruction are used in projects which focus on recreation techniques, self-help training, operant conditioning techniques, nursing care and other elements of the broad spectrum of residential care of the retarded.

The Hospital Inservice Training Program during the past two years has provided the impetus for intensive training for those involved in direct care of the mentally retarded.

Through this increase in knowledge and skills of the resident care personnel there has been an improvement in care and treatment of the mentally retarded residing in institutions. The Inservice Training Program has also provided an effective increase in skilled manpower in the area of mental retardation.

A total of \$8,972,000, the same level as 1967, is requested for this two-pronged program.

Mental retardation facilities construction program

	1967 estimate	1968 estimate	Increase
Grants for construction of university-affiliated facilities for the mentally retarded.....	\$10,000,000	\$10,000,000	-----
Grants for construction of facilities for the mentally retarded.....	15,000,000	15,000,000	-----
Total.....	25,000,000	25,000,000	-----

The "Mental Retardation Facilities Construction Act of 1963" provides a two-pronged approach to the construction of service facilities for the mentally retarded and authorizes the appropriation of funds for (a) project grants to assist in the construction of facilities for the mentally retarded which are associated with a college or university and (b) formula grants to assist public and other nonprofit agencies in the construction of community facilities for the mentally retarded. A total of \$25,000,000, the same level as 1967, is requested for 1968 as indicated in the following:

1. *University affiliated facilities.*—To assist in the construction of public or other nonprofit facilities for the mentally retarded which are associated with a college or university, the amount of \$10,000,000 is requested in 1968. This request is contingent on approval of the Congress of Legislation to extend the present authority that expires on June 30, 1967. These facilities will provide a full range of inpatient and outpatient services for the mentally retarded and will provide the clinical basis for training specialized personnel needed for research, diagnosis, treatment, education, training or care of the mentally retarded, and demonstrating the advantages of specialized services for the diagnosis, treatment, education, training and care of the mentally retarded.

This program provides a basis for significant advances in improving the lot of our six million retarded citizens. Many of the highly specialized services required for some retarded can best be provided through a multi-disciplinary approach available at a university center. In addition, such centers can demonstrate provision of specialized services and provide clinical training for desperately needed specialized personnel. These facilities will thus meet a need in the area of mental retardation comparable to that of teaching hospitals for the area of health services in general. Large numbers of professional and technical personnel are needed for currently existing programs which serve the retarded, and the demand will increase dramatically as new community facilities are constructed. If such personnel are to be available, they must come, in large part, from training programs in these university affiliated facilities.

2. *Facilities for the mentally retarded.*—The other element of this program is concerned with the construction of public and other nonprofit facilities to house services for the mentally retarded. Support is provided for new construction, expansion, remodeling, replacement, and equipping of facilities which are essential to the diagnosis, treatment, education, training, and care of the mentally retarded.

Acute needs for such facilities exist in all States and Territories. The construction of modern and efficient facilities in appropriate areas of each State assists communities to bring the benefits of modern techniques of health care, education, and training and rehabilitation to the retarded. All but one State and three Territories have submitted State Plans under this program. Eighty-nine projects have been approved out of the funds appropriated for 1965 which expired in 1966. These projects will provide facilities to serve 11,000 retarded persons not now being served. The Federal share for these projects include \$1,500,000 which some States transferred from their allotments for construction of mental health centers. States also demonstrated their support for this program by greatly exceeding the matching requirements for grant funds.

1512 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Funds appropriated for 1966 and 1967 which are currently being committed to aid in the construction of specific facilities will produce approximately 165 projects. The sum of \$15,000,000 is requested for 1968 to provide for the construction of approximately 100 additional projects.

Allocations to States for construction of facilities for the mentally retarded

	1966 appropriation	1967 estimate	1968 estimate
Total.....	\$12,500,000	\$15,000,000	\$15,000,000
Alabama.....	267,293	326,343	326,343
Alaska.....	100,000	100,000	100,000
Arizona.....	100,000	124,887	124,887
Arkansas.....	152,880	189,256	189,256
California.....	909,633	1,140,987	1,140,987
Colorado.....	111,447	137,315	137,315
Connecticut.....	132,677	166,133	166,133
Delaware.....	100,000	100,000	100,000
District of Columbia.....	100,000	100,000	100,000
Florida.....	353,113	435,550	435,550
Georgia.....	309,649	379,889	379,889
Hawaii.....	100,000	100,000	100,000
Idaho.....	100,000	100,000	100,000
Illinois.....	530,223	659,859	659,859
Indiana.....	279,631	345,375	345,375
Iowa.....	166,108	200,689	200,689
Kansas.....	133,612	163,775	163,775
Kentucky.....	229,059	281,433	281,433
Louisiana.....	259,351	318,461	318,461
Maine.....	100,000	100,000	100,000
Maryland.....	185,584	231,865	231,865
Massachusetts.....	271,092	334,056	334,056
Michigan.....	469,420	564,869	564,869
Minnesota.....	212,793	263,026	263,026
Mississippi.....	208,880	254,504	254,504
Missouri.....	248,846	306,985	306,985
Montana.....	100,000	100,000	100,000
Nebraska.....	100,000	107,631	107,631
Nevada.....	100,000	100,000	100,000
New Hampshire.....	100,000	100,000	100,000
New Jersey.....	332,899	415,751	415,751
New Mexico.....	100,000	100,000	100,000
New York.....	864,369	1,065,512	1,065,512
North Carolina.....	352,524	430,665	430,665
North Dakota.....	100,000	100,000	100,000
Ohio.....	576,376	704,584	704,584
Oklahoma.....	161,757	197,792	197,792
Oregon.....	105,848	130,540	130,540
Pennsylvania.....	643,725	783,823	783,823
Rhode Island.....	100,000	100,000	100,000
South Carolina.....	205,093	249,547	249,547
South Dakota.....	100,000	100,000	100,000
Tennessee.....	275,074	338,956	338,956
Texas.....	675,876	835,110	835,110
Utah.....	100,000	100,000	100,000
Vermont.....	100,000	100,000	100,000
Virginia.....	286,803	348,642	348,642
Washington.....	167,909	202,890	202,890
West Virginia.....	125,993	153,634	153,634
Wisconsin.....	242,173	297,852	297,852
Wyoming.....	100,000	100,000	100,000
Guam.....	6,337	8,749	8,749
Puerto Rico.....	240,200	295,622	295,622
Virgin Islands.....	3,637	4,886	4,886
American Samoa.....	2,113	2,557	2,557

NOTE.—1968 allocations are tentative pending receipt of revised population and per capita income data.

Direct operations

	1967 estimate		1968 estimate		Increase	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	79	\$696,000	89	\$813,000	+10	+\$117,000
Other expenses.....		937,000		1,045,000		+108,000
Total.....	79	1,633,000	89	1,858,000	+10	+225,000

	1967 estimate	1968 estimate	Increase
Positions.....	79	89	+10
Amount.....	\$1,633,000	\$1,858,000	+\$225,000

Mental retardation is a public health problem affecting an estimated three percent of the population, or about six million children and adults in the United States. Because of its chronic lifetime nature, mental retardation cuts across every aspect of American life, economic, legal, educational, social, and cultural. It affects and is affected by programs in housing, education, medical and behavioral research, employment, health, welfare and rehabilitation.

Specific problem areas to be considered include the extent of regional variations in the incidence and prevalence of mental retardation; promotion of optimum care for retardates of various levels, ages and degrees of physical handicap, with improved efficiency of generalized and specialized services to the mentally retarded; and to identify which of the various approaches will increase the resources available to serve the retarded. The problem of regional variation will be approached through the regional office placement of mental retardation specialists having competence appropriate to particular regional needs. The regional office staff has increased from five mental retardation specialists in 1966 to nine mental retardation specialists in 1967. Data obtained through analysis of the program of grants to States for planning comprehensive action to combat mental retardation will prove to be invaluable in defining the extent of need by State and region.

Technical assistance

Consultation services are provided on request to State and local officials, voluntary health agencies, and educational institutions that wish to initiate, improve, or expand mental retardation services and activities. Non-government experts are also utilized, as appropriate, to provide consultation to outside agencies and to assist in national program evaluation. In 1967, staff competence was increased in scope through the addition of specialists in health education, recreation therapy, institutional administration, architecture and facility planning.

An activity which the Division has supported is the development of reference laboratory standards for phenylketonuria (PKU) tests which will serve as criteria for States involved in PKU testing programs.

Public awareness

The increasingly longer lifespan of the mentally retarded, with its important implications for future care, makes it imperative that we continue to raise the general and professional awareness of this chronic condition and of what can be done to alleviate it. Recent Federal activity and the breadth of State planning in mental retardation ensure a favorable reception to information efforts. There will be an intensification of activities to inform professional and lay audiences about service and manpower needs and opportunities in mental retardation programs. Based on evaluation of content and utilization of materials

currently available, new publications will be planned, developed, printed, distributed and evaluated. Other publications will be revised to incorporate new information or to enhance their effectiveness with target groups. There will be an increase in the development and utilization of exhibits which will increase professional awareness of the problem.

One of the most pressing problems in the field of mental retardation is the critical shortage of all types of professional personnel. One answer to the problem is to train subprofessionals, parents, and volunteers to perform tasks often done by professionals. The development of training tools to help subprofessionals learn these skills is of prime importance.

A project is being carried out by a firm that specializes in health training materials for the development of filmstrips as a training tool, titles of which are "toilet training" and "self-feeding". One strip is a step-by-step guide describing the training principles involved in teaching these skills to the mentally retarded child. This strip is designed for persons handling only one mentally retarded child at a time and is written for the use of parents with average intelligence.

The second filmstrip is designed for those who deal with groups of untrained mentally retarded children who might be in day care centers, nursing homes, or residential institutions. There are no other such films available.

The use of this tool, along with such techniques as group discussions, question and answer periods, reading lists, and practice sessions will prove to be invaluable to the mentally retarded child and his parents.

A film entitled "Handle With Care" has also been developed. This film is designed to demonstrate the utilization of newer types of community resources. Requests for showing this film are in excess of the 160 copies which we were able to provide. A comprehensive film on techniques of institutional services is under development.

President's Committee on Mental Retardation

The President's Committee on Mental Retardation functions in three principal areas: (1) the provision of advice and assistance to the President concerning mental retardation; (2) the mobilization of support for mental retardation activities by meeting with, and providing information for, appropriate professional organizations and groups broadly representative of the general public; and (3) the development of reports or recommendations to the President concerning mental retardation as may be required or deemed appropriate by the Committee.

The staff will be responsible for preparing and implementing a minimum of four full committee meetings, sixteen task force subcommittee meetings and six regional forums. Regional forums are planned to take place in six cities strategically located throughout the nation for the purpose of assessing the impact of mental retardation programs, gaps, impediments and progress as viewed by the citizens and professionals on the local scene. The second purpose is to provide for visibility and public awareness of the problem of mental retardation and productive efforts to combat it.

The Committee has organized itself into a steering committee and working groups. Relationships have been established with other agencies concerning joint projects, including planning for human services in new and rebuilt cities, as well as application of NASA's human development research findings to the field of mental retardation. The Committee also coordinates activities relating to mental retardation of the Departments of HEW and Labor, and the Office of Economic Opportunity.

The increase of 10 positions and \$281,000 for the President's Committee on Mental Retardation, will provide for developing better public interest in the problems of the retarded in order to promote a climate of understanding on the part of the citizens concerning the retarded. This is offset by a decrease of \$56,000 for non-recurring program costs.

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1515

New positions requested, fiscal year 1968

	Grade	Annual salary
Medical Care Administration programs:		
Health insurance operations:		
Medical officer (9)	GS-16	\$180,675
Public health program specialist	GS-15	17,550
Public health program specialist (19)	GS-14	287,014
Public health program specialist	GS-12	10,927
Do.	GS-11	9,221
Do.	GS-9	7,696
Do.	GS-7	6,451
Clerical assistant (11)	GS-6	64,537
Total (44)		584,071
Health economics:		
Public health program specialist	GS-15	17,550
Do.	GS-14	15,106
Public health program specialist (2)	GS-13	25,746
Public health program specialist	GS-12	10,927
Do.	GS-11	9,221
Clerical assistant	GS-6	5,867
Clerical assistant (2)	GS-5	10,662
Clerical assistant	GS-4	4,776
Total (10)		99,855
Community health programs:		
Rural health:		
Chief of branch	GS-15	17,550
Public health program specialist (3)	GS-15	52,650
Assistant chief of branch	GS-14	15,106
Administrative officer	GS-14	15,106
Public health program specialist (2)	GS-14	30,212
Engineer	GS-14	15,106
Medical officer	GS-14	15,106
Nurse	GS-14	15,106
Medical staff assistant	GS-14	15,106
Public health program specialist (11)	GS-13	141,603
Public health program specialist (8)	GS-12	87,416
Public health program specialist (6)	GS-11	55,326
Public health program specialist (4)	GS-9	30,784
Public health program specialist (2)	GS-7	12,902
Clerical assistant (10)	GS-5	53,310
Clerical assistant (7)	GS-4	33,432
Clerical assistant (2)	GS-3	8,538
Commissioned officers:		
Senior grade		12,944
Full grade (2)		21,746
Senior assistant grade (2)		20,666
Total (67)		669,715
Family planning services:		
Public Health Program Specialist (2)	GS-14	30,212
Do.	GS-13	25,746
Public health program specialist	GS-12	10,927
Do.	GS-9	7,696
Do.	GS-7	6,451
Clerical assistant (3)	GS-5	15,993
Do.	GS-4	14,328
Commissioned officers:		
Director grade		16,919
Full grade		10,873
Total (15)		139,145
Mental retardation:		
President's Committee on Mental Retardation staff:		
Public health program specialist (2)	GS-14	30,212
Management analyst	GS-14	15,106
Public health program specialist	GS-13	12,873
Do.	GS-12	10,927
Clerical assistant	GS-7	6,451
Do.	GS-6	5,867
Do.	GS-5	5,331
Do.	GS-4	4,776
Do.	GS-3	4,267
Total (10)		95,810
Total new positions, all activities (146)		1,588,596

COMBINATION OF PROGRAMS WITH SIMILAR OBJECTIVES

Senator HILL. Now, Dr. Peterson, the Bureau of Health Services.

Dr. PETERSON. Mr. Chairman, the "Community health services" appropriation combines programs with similar objectives. This appropriation has as its base most of the health services programs previously found in the "Community health practice and research" appropriation, the major components of the "Medical care services" appropriation and the mental retardation and gerontology programs previously funded under a variety of appropriations.

COMMUNITY HEALTH AND MEDICAL CARE SERVICES AND PROJECTS GRANTS

Community health and medical care service activities supported under formula and general project grants will be continued and strengthened. However, funds for support of these programs are now carried in the "Comprehensive health planning and services" appropriation.

RESEARCH

In order to achieve the most effective comprehensive health services systems, we must first understand the nature of the health services structure, its weaknesses, and the barriers to correction of these weaknesses. Once understood, we can work to find means by which the barriers can be removed. Thus, a primary tool in our efforts to improve health services systems is research.

GRANTS AND CONTRACTS

The programs contained in the "Community health services" appropriation support research, through grants and contracts, aimed at developing improved methods of planning, organizing, and delivering health services.

BASIC AND APPLIED RESEARCH

Not only do these programs support basic research and research training in the whole spectrum of health services problems; they also support applied research in specific problem areas such as urban health services, rural health and public health education.

RESEARCH PROJECT EXAMPLES

NEW YORK HEALTH DEPARTMENT PROJECT

The nature of this research can perhaps best be indicated by examples of research projects we are presently supporting. One project is examining a variety of public health services to determine what methods of organization and administration most significantly contribute to the effectiveness of local public health services. This project is being carried on by the New York City Health Department, and it is studying the differences in the way various population and ethnic groups use medical services that are provided in a community.

CORNELL UNIVERSITY MEDICAL SCHOOL AND MEDICAL CENTER PROJECT

Another exciting research area looks toward the establishment of university-based health services research centers, where a research staff may devote logical and coordinated effort to the development and testing of experimental methods for providing improved health services. In this instance Cornell University Medical School and Medical Center is studying the organization of services in their medical center, and how various professional assistant-type teams may be clustered around medical services in order to improve the quality and extent of health care provided in the center.

UNIVERSITY OF PITTSBURGH PROJECT

In another project, modern systems analysis techniques are being used to define and simulate a model health services system and its subsystems in a community. This will provide invaluable assistance to other communities and to the States in carrying out their responsibilities under Comprehensive Health Planning and Services (Public Law 89-749).

This particular project, Mr. Chairman, is being carried on by the University of Pittsburgh, studying methods of communications between patients and their physicians.

STATE AND COMMUNITY PLANNING PROGRAM DEVELOPMENT

With respect to this new law, Public Law 89-749, we must encourage the most effective development of State and community programs for planning of comprehensive health services. Improved methods of organizing and providing such services cannot yield their full potential unless they are integrated into the existing health services structure in a systematic manner.

Similarly, the goal of providing adequate, comprehensive health services can be realized only if there is public awareness of the problem and support for necessary improvements.

HEALTH SERVICE QUALITY, QUANTITY, AND EFFICIENCY IMPROVEMENT

During 1967, we are making substantial progress in our efforts to develop means of increasing the quality, quantity, and efficiency of health services. For example, we are supporting a demonstration project to show that special intensive referral, counseling, and followup services can significantly increase the success in obtaining necessary medical treatment for schoolchildren. As simple as this idea may sound, it is interesting to note that it has not been used on this type of intensive organized basis previously, to our knowledge.

Senator HILL. It is something new, then.

Dr. PETERSON. It is a new attempt at getting at a very difficult problem.

In 1968, we propose to continue such efforts.

RURAL HEALTH PROGRAM AND FAMILY PLANNING SERVICES

There are problems to be attacked through the acquisition of new knowledge through research and there are problems susceptible of solution through current knowledge. We are requesting approval of a major rural health program, and are proposing to initiate a program of family planning services.

RURAL HEALTH PILOT PROJECTS

The rural health program, starting from a small base in 1967, will be expanded to support rural health pilot projects in 10 States. Rural health specialists will work with communities to assess their problems, examine causative factors, and develop solutions. We view these pilot projects as a significant step toward solving the critical problem of providing adequate health services for the rural population.

I would like to say, Mr. Chairman, that this program is being developed with full cooperation of the Department of Agriculture on a continuing basis through the medium of exchange of professional personnel between our two agencies and through an inter-departmental committee, to assure that we are most efficiently and effectively pursuing this program.

FAMILY PLANNING SERVICES

Family planning services need to be recognized as an essential component of comprehensive health services in the community. We propose a program of family planning services in 1968. This program would provide assistance in planning family size, and would also offer services to help eliminate factors which result in birth defects.

We are equally concerned with the problems of childless families, as well as epidemiological factors that may be applied to an understanding of this complex problem. Having determined which types of programs are most effective, we will, in turn, assist public and private agencies to more effectively plan and organize their programs.

MIGRANT HEALTH GRANTS

Through our migrant health grants we are providing health services to one of the most deprived groups in the Nation. The agricultural migrant worker receives an average annual income of about \$1,000, has a fifth grade education, and lacks special skills except in farmwork.

Senator HILL. He gets an opportunity to work only part of the year.

Dr. PETERSON. He only works during the crop season, that is correct, sir.

These factors, coupled with his mobility in an environment characterized by poor housing and unsanitary conditions, make him prone to disease and accidental injury.

1967 MIGRANT HEALTH PROJECTS

In 1967, we will support about 100 migrant health projects. Services provided include family health service clinics, nursing visits, health education and sanitary improvements. Also, this year a number of the

projects will initiate programs to provide inpatient hospital care for migrant workers and their families. The program is currently reaching only about one-quarter of the migrant population.

Senator HILL. What do you estimate that to be?

Dr. PETERSON. A little over 1 million. We have, therefore, requested additional funds in 1968 to start new projects, to increase the scope of services provided by current projects, and to provide inpatient hospital care in more areas of the country.

MEDICARE PROGRAM

The Division of Medical Care Administration is the organizational unit in the PHS delegated responsibility by the Secretary for the medical and professional aspects of titles XVIII and XIX of the Social Security Act, Public Law 89-97. During the past 18 months we, along with the State and local health agencies of the Nation, and with the support of professional associations and health facilities organizations, have completed the first steps in the successful launching of the medicare program.

Although the immediate effort provides benefits to large but specific population groups, it also offers opportunities to improve the quality of health care for the entire population.

PROGRAM HOSPITAL CERTIFICATIONS

In order to give you some idea of the magnitude of the activity which has been completed in this short period, I would like to report to you that as of March 1, 1967, there were 6,751 hospitals in this country with over 1,100,000 beds, which have been certified. This represents approximately 98 percent of all of the hospital beds in the country which have been certified for participation in the title XVIII program.

HOME HEALTH AGENCY AND EXTENDED CARE FACILITY CERTIFICATION

Similarly, as of March 1, 1,526 home health agencies and 3,765 extended care facilities are certified and participating in the title XVIII program.

Therefore, a major segment of the health facility industry of this Nation has now been brought up to the standards which have been established for certification.

The standards established for certification of participating providers—hospitals, extended care facilities, home health agencies, and independent laboratories—assure the availability of professionally acceptable standards for all patients who use the facilities. The utilization review process required of participating hospitals and extended care facilities makes it possible for physicians and other professional personnel to sit down together for the review of selected cases on a systematic basis. It is a point where quality and cost control meet on common grounds.

IMPROVED QUALITY OF CARE

This process offers the opportunity to discuss effective procedures for treating patients, the need for hospitalization and alternative

methods of providing care, and the need for additional health resources in a community.

These discussions form the basis for improved quality of care and lay the foundation for health planning and development in an acceptable professional system and environment. The pharmacy and therapeutic committees provide a mechanism through which physicians and pharmacists may review and recommend clinically acceptable medications to hospital staff members. These procedures, although having a significant effect on the most economical use of the health dollar are not principally used to serve this purpose but rather are techniques to assure a higher quality of medical care.

We will experiment with these and other procedures to assure successful administration of the program.

As a result of medicare, more intensive attention has been directed toward extended care facilities and home health agencies. Where available to supply services in adequate amounts and quality, they can serve as alternatives or supplements to the hospitalization necessary for caring for certain types of patients.

Through our activities, we will continue to encourage the development and appropriate use of these resources. This will be accomplished through stimulating physician involvement in home-centered care, sponsoring training programs to improve staff skills, and promoting continuing relationships between hospitals, nursing homes, and extended care facilities.

OUT-OF-HOSPITAL HEALTH RESOURCES: THERAPY, PREVENTION, AND DETECTION

Real opportunities now exist for developing the more effective use of out-of-hospital health resources. The provision of therapeutic services for the aged is only part of the services needed by this population group. Another vitally important element is the provision of preventive services to protect the health of adults who are in apparent good health. Early detection and prompt management of incipient or early disease can do much to prevent or minimize disability.

Moreover, since long-term illnesses frequently have their onset during the middle years, disease detection activities for adults can be viewed as an essential measure for the conservation of health in later years.

During 1968, program activities will emphasize acquainting current and future physicians with applied gerontology, developing multiphasic screening and other health protection services in the community, and sponsoring projects which provide for health maintenance counseling.

Senator HILL. You have problems today that we didn't have at the turn of the century because people live longer.

Dr. PETERSON. There are also more people living to the age when more disease is apparent in this group.

HEALTH SERVICE COST

There is a common interest and concern today in the cost of health services. We need to understand the economic forces that affect the

provision of health services and the means to assure that health funds are being spent efficiently. We plan to expand our activities in health economics.

Specifically, we will concentrate on developing tools for program planning and evaluation, study economic and related aspects of health resources, and explore various facets of health insurance coverage.

CREATION OF DIVISION OF MENTAL RETARDATION

The formation of the new Division of Mental Retardation in the Bureau of Health Services represents an important step forward in the provision of health services for America's 6 million citizens who are mentally retarded.

Senator HILL. That is a tragic thing, is it not?

Dr. PETERSON. It is a tragic problem and one that we are now looking forward to being able to handle in a more effective and efficient manner, because of this new Division.

COMBINATION OF PROGRAMS

Programs formerly administered in three separate Divisions of Public Health Services have been brought together to provide a national focus for handling the health needs of the mentally retarded, and coordinating these programs with related activities of other agencies so that the burden borne by the families of the retarded may, to the extent possible, be removed.

We anticipate that this consolidation will increase the effectiveness of our programs and provide a means for maximum impact on problems of mental retardation.

PROGRAM FULL-CYCLE DEVELOPMENT

Within the new Division are the components of a broad approach to the problem of mental retardation. The full cycle of program development is available—beginning with research and continuing from State planning through facility construction, demonstrations, and development of specialized manpower, to evaluation of techniques and standards.

PROGRAM ACTIVITY EXAMPLES

This is an exciting prospect for those of us who seek to help the retarded realize their fullest potential. Let me share with you a few examples of our program activities.

BLOOD TEST TO IDENTIFY PARENTS WHO MIGHT TRANSMIT HEREDITARY TYPE OF MONGOLISM

Three years ago a study was initiated with our support at the Children's Hospital here in Washington. The purpose of this study was to develop a simple, inexpensive blood test to identify parents who might transmit the hereditary type of mongolism. It has been successful and will provide a basis for counseling prospective parents with a family history of mongolism. This is not a great victory, but it is a significant one.

CONSTRUCTION OF COMMUNITY AND UNIVERSITY MENTAL RETARDATION FACILITIES

We are greatly enthused about the program for construction of community and university-based mental retardation facilities authorized in the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (Public Law 88-164).

Agencies have overmatched available funds so that projects approved as of January 1, 1967, will serve more than 12,000 patients. I am happy to report to you that at the present time 17 university-based mental retardation facilities have been approved, with 14 under construction. In addition 56 community mental retardation centers are now under construction.

SPECIALIZED TRAINING AND SERVICES

In addition to providing specialized training for personnel, these facilities will provide specialized services to the retarded and their families. Both programs have been overmatched but a greater need still exists which will require continued attention.

STUDENT WORK EXPERIENCE AND TRAINING PROGRAMS (SWEAT)

In cooperation with 50 grantee institutions a student work experience and training program, known as SWEAT has been initiated. SWEAT workers came from among high school and college undergraduates, and graduate students.

Under capable supervision, they filled positions such as psychometrician, cottage supervisor, therapist, recreation specialist and nurses aid, in day care, residential, diagnostic and recreation programs. We are pleased with the enthusiasm of the students for their experience. They have at the same time made a significant contribution to patient care. We plan to repeat the program this year with about 50 mental retardation facilities. It will be of interest to you to know that we already have applications from about 160 institutions.

Senator HILL. That is a very encouraging thing.

Dr. PETERSON. It is a most encouraging program and we are very excited about it. We are planning to repeat it again this year and you will be interested to know that we already have over 160 institutions which are now anxious this year to participate in this program on the basis of last year's experience.

HOSPITAL IMPROVEMENT PROGRAM: DEMONSTRATION PROJECTS

A major new program is the one through which demonstration projects are carried out under the hospital improvement program. Through these projects, often neglected residential facilities are able to institute new service approaches and related inservice training.

This program is already having a salutary effect on institutions across the country. It will now be possible to look at programs and needs in terms of other major activities, particularly community-based activities, for the retarded.

SPECIAL FACILITY AND SERVICE REQUISITE

These demonstration projects will provide the basis for expanded programs as the new community facilities constructed under part C of Public Law 88-164 go into operation. While it is true that most of the problems of retardates can be handled in the home community, it is also a fact that special facilities and services are needed. These must be developed and standards established for their proper use. We are currently undertaking the development of such elements with the American Association on Mental Deficiency.

Senator HILL. How old is this association—the American Association on Mental Deficiency?

Dr. PETERSON. It has changed names, and it goes back to the turn of the century.

Senator HILL. It hasn't operated under this name very long, has it?

Dr. PETERSON. I think it is about 30 years.

Senator HILL. All right, will you proceed?

BUDGET REQUEST: APPROPRIATION AND TRANSFER FROM SOCIAL SECURITY TRUST FUNDS

Dr. PETERSON. The 1968 estimate for \$68,523,000 contains \$64,448,000 in appropriated funds and a transfer of \$4,075,000 from the social security trust funds. It provides for a net increase of 146 positions and \$4,591,000 over comparable 1967 resources.

RESEARCH, MIGRANT AND RURAL HEALTH INCREASES AND FAMILY PLANNING PROGRAM INITIATION

These increases will permit expansion in research and migrant health grants. In addition, they will provide for the initiation of a family planning program, and increases in the rural health program, the health economics, and health insurance operations.

INTRODUCTION OF ASSOCIATES

With me are Dr. Cashman, Director of the Division of Medical Care Administration, Dr. Jaslow, Director of the Division of Mental Retardation, and Dr. Wharton, Director of the Division of Community Health Services. We will be pleased to answer any questions you may have on this program.

BUDGET BUREAU REDUCTIONS

Senator HILL. Is there anything that you gentlemen would like to add?

You have quite a reduction from your request, do you not?

Dr. PETERSON. We had a reduction of approximately \$30 million from our original request submitted to the Bureau of the Budget; \$7 million of this was in direct operations to support various medical care, health economics activities, and \$3 million was a reduction in our request for research grants, and \$20 million was reduced from the

mental retardation request, most of this being in the community and university-based facility construction.

CONSTRUCTION REDUCTION

Senator HILL. Most of that \$20 million would have gone into construction.

Dr. PETERSON. That is correct.

Senator HILL. When you delay the construction, you delay the programs, do you not?

Dr. PETERSON. Yes, sir. This is one of the tragedies.

Senator HILL. You received quite a reduction.

Dr. PETERSON. Yes, sir; it was about 30 percent.

INCREASE OVER 1967 APPROPRIATIONS

Senator HILL. How much increase did you receive? You received about \$4.5 million over 1967.

Dr. PETERSON. Over comparable items in 1967; yes, sir.

Senator HILL. That is an increase of 146 positions.

Dr. PETERSON. Yes, sir.

Senator HILL. Of course none of that takes care of your construction, really.

Dr. PETERSON. No, these positions are principally positions which are dedicated to our regional office and field operations, to assist State and local agencies in their programs.

Senator HILL. But there is no increase for the construction of these facilities.

Dr. PETERSON. No, sir.

Senator HILL. We certainly want to thank you very much. You have brought us a splendid statement.

HOSPITALS AND MEDICAL CARE

STATEMENT OF DR. JOHN J. WALSH, DIRECTOR OF THE DIVISION OF DIRECT HEALTH SERVICES; ACCOMPANIED BY DR. HOWARD D. FISHBURN, CHIEF MEDICAL OFFICER, COAST GUARD; DR. GORDON SIEGEL, DIRECTOR, DIVISION OF FEDERAL EMPLOYEE HEALTH; DR. CARRUTH J. WAGNER, DIRECTOR, BUREAU OF HEALTH SERVICES; G. R. CLAQUE, ACTING CHIEF FINANCE OFFICER; AND JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

HOSPITALS AND MEDICAL CARE

For carrying out the functions of the Public Health Service, not otherwise provided for, under the Act of August 8, 1946 (5 U.S.C. [150] 7901), and under sections 301 [(with respect to research conducted at facilities financed by this appropriation)], 311, 321, 322, 324, 326, 331, 332, [341, 342, 343, 344.] 502, and 504 of the Act, section 810 of the Act of July 1, 1944, as amended (33 U.S.C. 763c), the Act of July 19, 1963 (Public Law 88-71), and Private Law 419 of the Eighty-third Congress, as amended[, and Executive Order 9079 of February 26, 1942, including purchase and exchange of farm products and livestock; and purchase of firearms and ammunition]; [\$61,643,000] \$63,851,000, of which \$1,200,000 shall be available only for payments to the State of Hawaii for care and treatment of persons afflicted with leprosy: *Provided*, That when the Public Health Service establishes or operates a health service program for any department or agency, payment for the estimated cost shall made by way of reimbursement or in advance for deposit to the credit of this appropriation.

Amounts available for obligation

	1967	1968
Appropriation.....	\$61,643,000	\$63,851,000
Transfer from "Office of the Surgeon General, salaries and expenses" (42 U.S.C. 226).....	60,000	-----
Comparative transfer to "Mental health research and services".....	1 - 7,846,000	-----
Comparative transfers from—		
"Chronic diseases".....	171,000	-----
"Injury control".....	539,000	-----
Proposed supplemental for—		
Wage board pay increases.....	348,000	-----
Civilian pay increases.....	1,790,000	-----
Military pay increases.....	340,000	-----
Advances and reimbursements from—		
Other accounts.....	10,384,000	11,227,000
Non-Federal sources.....	550,000	553,000
Total.....	67,979,000	75,631,000

¹ Excludes reimbursements of \$1,400,000 in 1967.

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Obligations by activity

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Inpatient and outpatient care.....	5,896	\$61,864,000	6,313	\$68,340,000	+417	+\$6,476,000
Coast Guard medical services.....	125	1,995,000	139	2,211,000	+14	+216,000
Federal employee occupational health and safety.....	203	1,835,000	347	2,795,000	+144	+960,000
Personnel detailed to other agencies.....	72	1,085,000	72	1,085,000	-----	-----
Payments to Hawaii.....	-----	1,200,000	-----	1,200,000	-----	-----
Total.....	6,296	67,979,000	6,871	75,631,000	+575	+7,652,000

Obligations by object

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions.....	6,296	6,871	+575
Full-time equivalent of all other positions.....	90	90	-----
Average number of all employees.....	6,100	6,653	+553
Personnel compensation:			
Permanent positions.....	\$42,253,000	\$46,499,000	+\$4,246,000
Positions other than permanent.....	619,000	619,000	-----
Other personnel compensation.....	2,213,000	2,470,000	+257,000
Total personnel compensation.....	45,085,000	49,588,000	+4,503,000
Personnel benefits.....	5,605,000	6,182,000	+577,000
Travel and transportation of persons.....	526,000	555,000	+29,000
Transportation of things.....	674,000	713,000	+39,000
Rent, communications, and utilities.....	1,136,000	1,156,000	+20,000
Printing and reproduction.....	191,000	230,000	+39,000
Other services.....	3,568,000	4,005,000	+437,000
Project contracts.....	91,000	826,000	+735,000
Services of other agencies.....	1,833,000	1,833,000	-----
Payment to Public Health Service management fund.....	351,000	467,000	+116,000
Supplies and materials.....	5,720,000	6,498,000	+778,000
Equipment.....	2,075,000	2,382,000	+307,000
Grants, subsidies, and contributions.....	1,492,000	1,564,000	+72,000
Subtotal.....	68,347,000	75,999,000	+7,652,000
Deduct quarters and subsistence charges.....	-368,000	-368,000	-----
Total obligations by object.....	67,979,000	75,631,000	+7,652,000

Summary of changes

1967 enacted appropriation.....	\$61,643,000
Proposed supplementals:	
Wage board pay increases.....	348,000
Civilian pay increases.....	1,790,000
Military pay increases.....	340,000
Comparative transfer to "Mental health research and services".....	-7,846,000
Comparative transfers from:	
"Chronic diseases".....	171,000
"Injury control".....	539,000
Transferred from "Office of the Surgeon General, salaries and expenses" (42 U.S.C. 226).....	60,000
1967 estimated reimbursements.....	10,934,000
Total estimated obligations, 1967.....	67,979,000
1968 appropriation estimate.....	63,851,000
1968 estimated reimbursements.....	11,780,000
1968 estimated obligations.....	75,631,000
Total change.....	+7,652,000

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1527

Summary of changes—Continued

	Base		Changes from base	
	Positions	Amount	Positions	Amount
INCREASES				
A. Built-in:				
1. Annualization of new positions authorized in 1967.....				\$228,000
2. Net additional cost of within grades (\$186,000) incentive pay increases (\$58,000) and reclassification increases (\$137,000) (inpatient and outpatient care).....				381,000
3. Social security contributions.....				7,000
Inpatient and outpatient care..... \$6,000				
Coast Guard medical services..... 1,000				
4. Annualization of 1967 wage board increases.....				161,000
5. Annualization of Pay Act increases.....				180,000
B. Program:				
1. Staffing for general hospitals.....	4,400	\$33,870,000	254	2,044,000
2. Staffing for outpatient clinics.....	542	4,116,000	36	282,000
3. Improvement of training program.....	199	2,283,000	53	\$339,000
4. Direct research program.....	77	818,000	8	118,000
5. Supplies.....		3,005,000		564,000
6. Outpatient offices.....		661,000		56,000
7. Subsistence costs.....		1,166,000		44,000
8. Carville hospital staffing improvement.....	291	2,432,000	8	69,000
9. Consultant costs.....		1,091,000		150,000
10. Headquarters staff.....	87	1,031,000	8	100,000
11. Printing costs.....				30,000
12. Initiation of a program for the personalized health services project (multiphasic screening project at the Staten Island hospital).....			46	400,000
13. Poison control research projects.....	11	387,000		72,000
14. Expansion of the emergency health services program.....	7	152,000	4	803,000
15. Cytopathological functions.....				67,000
16. PHS management fund.....	26	351,000		112,000
17. Coast Guard medical services program.....	125	1,995,000	14	215,000
18. Federal employee occupational health and safety program.....	203	1,835,000	144	738,000
Total, program increases.....			575	6,703,000
DECREASES				
A. Adjustment for increased reimbursements.....				—8,000
Total, decreases.....				—8,000
Total net changes requested.....			+575	+7,652,000

EXPLANATION OF CHANGES

General hospitals staffing.—An increase of \$2,044,000 and 254 positions is requested to provide for improved inpatient and outpatient care in the general hospitals. This will increase the staffing ratios for inpatient care from 150 to 158 per hundred patients and for outpatient care in hospitals from .96 to 1.01 employees per thousand visits.

Clinic staffing.—An increase of \$282,000 and 36 positions is requested to provide for increased outpatient visits and improved patient care in outpatient clinics. This will increase the staffing ratio from .79 to .82 employees per thousand visits in the separate outpatient clinics.

Training program.—An increase of \$839,000 and 53 positions is requested to expand the internship and residency training program (16 positions and \$266,000) and for instructional personnel, training of auxiliary persons, outside training, and Post Doctoral fellowships (37 positions and \$573,000).

Research.—An increase of \$118,000 and 8 positions is requested to continue our buildup of research competencies with special emphasis on a team approach to clinical and health services research.

Supplies.—An increase of \$564,000 for supplies will help bring our supply support in line with our requirements.

Outpatient office costs.—The increase of \$56,000 will provide for annualization of rate increase for fee basis schedules in certain states and the increase in visits to our outpatient offices.

Subsistence.—The increase of \$44,000 will permit an increase in unit ration allowance of four cents in the general hospitals and five cents in the Carville hospital.

Carville Hospital.—An increase of \$69,000 and 8 positions is requested to improve patient care at Carville.

Consultant costs.—The increase of \$150,000 in the consultant area represents a step toward achieving comparability with other Federal and State fee schedules.

Headquarters.—An increase of \$100,000 and 8 positions will provide staff capability to meet the demands generated by the planning-programming-budgeting system being instituted in the Service, Department, and Government-wide.

Printing costs.—The increase of \$30,000 will provide funds for the initial printing of the revised publication of "The Ship's Medicine Chest and First Aid at Sea".

Personalized Health Services Project.—The increase of \$400,000 and 46 positions will provide for the initiation of a multiphasic screening program at the Staten Island Public Health Service Hospital.

Poison Control research projects.—An increase of \$72,000 is for one new research grant in 1968.

Emergency Health Services.—The increase of \$803,000 in the Emergency Health Services program is primarily for project contracts. It will also provide 4 additional positions.

Cytopathological functions.—The increase of \$67,000 is requested to carry on the cytopathological functions performed by the Division of Chronic Diseases in previous years.

Public Health Service Management fund.—An increase of \$112,000 will support this Division's pro rata share of the costs of Bureau management services.

Coast Guard medical services.—The increase of \$215,000 and 14 positions will provide increased medical and dental support for expanded and relocated facilities and for increased workload for the Coast Guard operation.

Federal employee occupational health and safety.—An increase of 9 positions and \$100,000 in appropriated funds will provide for augmentation of Headquarters' staff in financial management, statistics, safety engineering, industrial hygiene, and safety inspection. A further increase of 135 positions and \$638,000 will be in reimbursable funds to operate 30 new health units for Federal employees requested by their agencies.

INTRODUCTION

The 1968 estimates for "Hospitals and Medical Care" continue improvement of the programs of the Division of Direct Health Services in the areas of patient care, research, training and recruitment and community health activities.

Three community oriented programs, formerly operated by the Bureau of State Services, were brought into this Division as the result of the Public Health Service reorganization. The relocation of these programs, Rehabilitation Medicine, Emergency Health Services, and Poison Control, is in keeping with the recognition by many authorities, including the National Commission on Community Health Services, that the hospital is and should be the focal point for health services. Other planned improvements include strengthening the health care programs which serve our beneficiaries, expansion of ongoing clinical research studies, implementation of health services research directed to the development of more efficient and more economical methods for the delivery of health care, and finally, fuller utilization of our training potential in order to make available greater numbers of well qualified health services personnel in all categories for the Service and other Federal agencies.

In 1965, a distinguished committee, appointed by the Office of Science and Technology and chaired by Bethuel M. Webster, made a study of the Public Health Service general hospitals and recommended that they be significantly strengthened.

The Webster Committee report called for expansion of the mission and goals of the Division. The Committee's principal recommendations provided for:

- (1) Operation of the general hospitals with greater emphasis on and expansion of direct patient care activities, training, research, and recruitment;

(2) Modernization of facilities to provide a suitable environment for the functions to be performed;

(3) The addition of and strengthening of training programs in sciences and services basic to medicine with increased participation and affiliation with universities and community health agencies.

As a result of this committee's report, a restatement of the goals of this hospital system provided for an orderly progress toward staffing, supplying, equipping and modernizing these hospitals to the point where they would be "models of excellence." In accordance with this revised goal the 1967 budget provided a definite increase in the ratio of employees to inpatient and outpatient workload and provided funds to strengthen research and training programs.

The proposed goals of the program to provide planned patient care and the corresponding estimates for 1968 are shown below:

Type and base of patient care ratios	Staffing ratios		Proposed goal
	1967 allowance	1968 estimate	
Employees per 100 inpatients.....	150	153	203
Employees per 1,000 outpatient visits to the hospital outpatient department.....	.96	1.01	1.15
Employees per 1,000 outpatient visits to the separate outpatient clinics.....	.79	.82	1.00

The pattern of selective interchange of services now being carried on with the Veterans Administration and the Department of Defense Hospitals is desirable from the standpoint of government-wide economy, accessibility of care, and the furnishing of mission-oriented care to the various beneficiaries of the Public Health Service and those agencies. The present estimates reflect continuation of that pattern.

The training and recruitment mission of the Division of Direct Health Services should be expanded not only in the physician and dentist categories as is now proposed but also in other health skills which are needed for the Public Health Service.

The operation of the leprosy hospital at Carville, Louisiana will be improved to a level consistent with that proposed for the General Hospitals. The two psychiatric hospitals are now transferred to the National Institute of Mental Health and are no longer a part of this submission.

Coast Guard medical services

Increased Coast Guard strength, expanded stations, additional icebreaker responsibilities, and the requirement to furnish a greater proportion of the dental needs of Coastguardsmen require an increase of 14 positions.

Division of Federal Employee Occupational Health and Safety

The Division of Federal Employee Occupational Health and Safety is responsible, under law, for providing all Federal Agencies with recommendations and evaluations of proposed Federal employee health services; the Division also provides clinical health services to Federal employees on a reimbursable basis. On July 1, 1966, this program covered 93,000 employees served in 57 clinics. The 1968 estimate provides for an increase in coverage to 143,000 employees at 87 facilities. The Division of Federal Employee Occupational Health and Safety is also responsible for the internal safety program for employees at Public Health Service installations and facilities. This responsibility covers over 40,000 employees in 2,000 buildings. The reimbursable operations will increase by 135 positions and \$638,000 in 1968. Nine positions and \$100,000 are needed for direct activities of the Division.

Personnel detailed to other agencies

This wholly reimbursable activity will remain unchanged.

Payments to Hawaii

The Federal contribution for the care of leprosy patients in Hawaii will remain at \$1,200,000 in 1968.

1. *Inpatient and outpatient care*

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	5,896	\$46,908,000	6,313	\$51,098,000	+417	+\$4,190,000
Other expenses.....		15,324,000		17,610,000		+2,286,000
Subtotal.....	5,896	62,232,000	6,313	68,708,000	+417	+6,476,000
Deduct quarters and subsistence charges.....		-368,000		-368,000		
Total.....	5,896	61,864,000	6,313	68,340,000	+417	+6,476,000
Reimbursable obligations.....		-8,290,000		-8,298,000		-8,000
Direct obligations.....		53,574,000		60,042,000		+6,468,000

Basic program and workloads

The 1968 estimates reflect the continued operation and improvement of eleven hospitals, ten general and the leprosarium at Carville, Louisiana.

Care is also provided to beneficiaries of this program in 28 outpatient clinics and in the private offices of 122 contract physicians. Care of patients in other Federal hospitals and in community hospitals is also provided in this activity. In 1966, outpatient visits to the clinics and physicians totaled 715,436. In 1967 and 1968, the estimates provide for 745,050 and 767,250 respectively.

These hospitals and clinics are the primary source of medical care for about 400,000 beneficiaries. The major groups of these are American seamen, whose care and cure has been the mission of these installations since 1798, Coast Guardsmen and their dependents, Federal employees injured in the course of their work, and, at the Carville Hospital, patients suffering from leprosy.

The hospitals of this system provide an economical means of furnishing care on a reimbursable basis to the legal beneficiaries of other Federal agencies that lack facilities at our locations.

Three programs transferred to the Division of Direct Health Services in 1967 will substantially broaden its scope of activities and consequent impact upon the nation's health. These are: Rehabilitation Medicine, Emergency Health Services, and Poison Control.

In essence, our broadened responsibility is in keeping with the recognition by many authorities, including the National Commission on Community Health Services, that the hospital is, and should be, the focal point for health services. Also, it reflects the realization that Federal institutions' field programs are functionally part and parcel of their community counterparts and that it is the sum of all of these which constitutes the true community health resource. Categorical Federal programs and mission-oriented Federal institutions must be brought into the mainstream of regional and community medicine.

With these precepts in mind, it is our intention to utilize, to the fullest, our national network of clinics and hospitals to provide professional and facility support to the newer components of our Division: rehabilitation medicine, emergency health services, and poison control. The existing close professional, academic and community ties enjoyed by these field stations will be of invaluable assistance in permitting us to implement these health services and to discharge our responsibilities in these vital areas.

Rehabilitation medicine

The new Rehabilitation Medicine Branch, which is concerned with the medical aspects of rehabilitation of all of the disabled population, has three functions: extramural, intramural, and liaison. Medical rehabilitation must precede and complement the vocational and educational rehabilitation of the potentially employable as well as constitute a major component of the comprehensive care of every disabled person.

Extramural activities, which comprised the bulk of the pilot program, are being expanded. Consultation to community health agencies and States will continue. A contract with Cornell University to develop teaching tools for physical and occupational therapists to utilize the consultative process in community programs is nearing completion. The educational material developed will be used in a series of training courses throughout the country. A contract, ready for

negotiation with another university medical school, will provide information about elderly patients with hip fracture. Based on these findings, clinical testing within the PHS hospital system should result in the development of improved patterns of comprehensive medical care for such patients. Another contract is aimed at developing a system of long-range care of the hemophiliac patient, including the special splinting needs of this group. In addition to contracts funded from direct operations, studies are also accomplished through research grants. A table on grants and examples of awards made in 1967 for this program is furnished under the caption "Community Service Programs" in a section that follows in this budget.

Intramural activities will be directed toward introducing comprehensive rehabilitation programs into the PHS hospitals. Initial efforts this fiscal year will establish a pilot program in cancer rehabilitation in the Baltimore Hospital to identify and plan for the special rehabilitation needs of this disease classification and to design a modest research project to evaluate effectiveness of the program. Also being planned is a comprehensive program in rehabilitation medicine at Seattle to be accomplished in a series of annual stages with the eventual aim of establishing a focus for intramural training of personnel in rehabilitation principles and techniques.

Liaison activities with other PHS programs and with other agencies and organizations are steadily increasing as rehabilitation medicine is identified as a Service interest by others working in this area of medical care. In addition to conference attendance, representation at professional meetings, and speaking engagements, activities include a contract with a national professional rehabilitation organization to present a Symposium on the Clinical Management of Disability at the next annual meeting. Several publications developed on rehabilitation medicine subjects are contributing to the establishment of effective working relationships with agencies and organizations outside the Service.

Emergency health services

The broad objective of the Emergency Health Services Program is to minimize the consequences of accidental injury and other medical emergencies, regardless of the location of their occurrence, through encouraging, promoting and assisting the development of the highest quality emergency health services. This objective will be achieved when every community has available a coordinated system which will provide: (1) quality on-site emergency care; (2) safe and expeditious transportation; and (3) follow-up comprehensive hospital care. Thus, we are concerned equally with the accident victim, with the patient who suffers a heart attack at home, and with the patient who experiences a catastrophic complication incident to routine hospitalization.

The Public Health Service has exercised national leadership in assisting States and communities to evaluate, up-grade, and expand the provision of emergency health services. This program involves several phases:

1. Field studies to compile data on existing services, and to develop improved methods of care;
2. Technical assistance to improve capabilities for training professional, paramedical, and lay personnel;
3. Development of recommended standards and promotion of licensing programs for ambulance personnel; and
4. Development of State, area, and community plans for comprehensive coordinated systems to provide emergency care in all of its aspects.

The needs revealed by existing studies are of such magnitude that they merit immediate attention. Direct Federal assistance is required if emergency care and transportation services of a high and uniform quality are to be available promptly, efficiently and without undue economic strain upon the patient, his family, or those who provide the services.

There must be bold and imaginative testing and utilization of new techniques, systems of communications, systems of dispatching and coordination, and extensive up-grading of the capabilities of drivers, attendants, and other persons who provide first aid, transportation and supportive care enroute to the hospital. Our approaches to the problem are being coordinated with the various activities of the Federal Highway Safety Agency. However, beyond these, we are concerned with the even larger problem of the non-accidental medical emergency patient, who has more frequent need for all of the services required for the accident victim, whether these relate to initial care, transportation, or definitive care facility.

The President's Transportation Message of March 2, 1966, directed the Secretary of Health, Education, and Welfare, within existing legislation, to immediately initiate projects to demonstrate techniques for providing more effective emergency care and transportation to the injured.

As a result, an emergency health services demonstration project was negotiated under contract with the University of North Carolina. This project is administered jointly with the Bureau of Public Roads in the Department of Commerce and the Department of Health, Education, and Welfare in carrying out the President's directive. The scope of the work under this present contract covers the determination of the feasibility of the development of practical administrative guides for implementing Emergency Call and Surveillance Systems and an Emergency Health Services Support System necessary to provide timely and adequate care of, and assistance to persons involved in highway emergencies.

Poison control

The major objective of the Poison Control Program is to reduce the number and severity of injuries occurring annually, particularly by accidental ingestion of poisons by children. The National Center for Health Statistics estimates that over 500,000 accidental ingestions occur annually in children.

The morbidity and mortality of accidental poisoning can be minimized by reducing the incidence of accidental poisoning and by improving methods of diagnosis and treatment. Major elements of the poison control program include (1) technical assistance in establishing and operating regional poison control centers; (2) the maintenance of a national clearinghouse for information on diagnosis and treatment; (3) support of regional toxicological laboratories; and (4) the support, through research grants, of investigations in diagnosis and treatment.

The establishment in Denver of a staffed pilot regional poison control center in 1967 will make available to poison control centers, in addition to present services, the laboratory analyses of biological fluids and tissues of poisoning victims. It is planned to have four centers in operation by 1971. The centers will develop information on toxicity necessary to make immediate treatment of accidental poisonings more effective.

Reports received by the National Clearinghouse for Poison Control Centers show that many hospitals and clinics treating cases of accidental poisonings lack trained personnel and laboratory facilities necessary to determine the nature of products involved in the poisonings. The development of four regional poison control centers will partially meet this nationwide need for laboratory and diagnostic services to hospitals and clinics.

Increases totaling \$6,476,000 for positions, supplies, and other expenses, are requested for the Inpatient and Outpatient Care Activity, as explained in the material which follows:

DIRECT CARE

Improvement of staff in the general hospitals and the separate outpatient clinics

The 1968 estimates propose another step toward the approved staffing goals representing our plan to operate the stations of the Division of Direct Health Services as "models of excellence." The present status, 1968 estimate and goal for each major activity is summarized in the table below.

Workload ratio factor	1967 estimate	1968 estimate	Goal
Employees per 100 inpatients.....	150	158	203
Employees per 1,000 visits to the hospital outpatient departments.....	.96	1.01	1.15
Employees per 1,000 visits to the separate outpatient clinics.....	.79	.82	1.00

It will be seen that the 1968 estimates represent a start toward each of these goals. In addition, the 1968 estimates represent a level of inpatient care far below the average for general hospitals in the United States. The number of employees per 100 patients for all general hospitals in the United States was 246 in 1965,¹ more than 55% higher than our request for 1968. The comparison becomes even more striking considering the fact that the civilian hospital staffs do not include attending physicians or dentists. Yet, the request is an appreciable and worth-

¹ *Hospitals*, Journal of the American Hospital Association, Part 2, pp. 442-443, Vol. 40, No. 15, August 1, 1966.

while step toward our goal. The total requirement to reach the proposed ratios represents an increase of 290 positions and \$2,326,000.

Improvement of training program

Beginning with 1966, a program was initiated to utilize the full potential of the hospital system for the recruitment and training of physicians and dentists. At that time, this was calculated at a total addition of 237 trainees in these two professions. The current request continues this program with an increase of 44 residents and interns. This continues the rate of increase approved in 1967. In accordance with our usual practice, two-thirds of each resident and one-half of each intern are charged to patient care. The training request is accordingly shown as 16 positions and \$266,000.

The potential of our hospitals to supply more of our nation's crucial need for health personnel requires effort in other areas. The present estimates propose increased training effort in Pharmacy, Medical Records, and x-ray and laboratory technicians. Outside training of physicians to acquire new specialty capabilities, the setting up of Post Doctoral Fellowships to provide in-house specialty practice and a strengthening of instructional personnel will round out our training effort. These additional items will require 37 positions and \$573,000.

The following is a table showing numbers of personnel in the training program for Fiscal Years 1967 and 1968:

	1967	1968	Change	Training equiv- alency
Interns.....	179	191	12	6
Residents.....	226	258	32	10
All other trainees.....	198	238	40	22
Total.....	603	687	84	38
Trainers (instructional personnel).....	0	15	15	15
Total.....	603	702	99	53

Strengthening of research

To continue our buildup of research competencies with special emphasis on a team approach to clinical and health services research, eight positions and \$118,000 are requested. This staff is intended to provide the basic competencies for such a team approach. It is intended that they will prepare protocols and carry out programs to be financed from grants from other parts of the Public Health Service and from other agencies.

Increase in patient supplies

Our low unit rate of issue of supplies has been a cause of concern. Disposables with their potential for better safety, utilization of manpower, and adequate aseptic control are practically unavailable. Pharmacy committees are obliged to take into undue account the price of proposed additions to our armamentarium of remedies and occasionally to reject a worthwhile addition on the basis of cost alone. An example of this is the new measles vaccine at \$1.66 per injection.

Another factor in our need for additional supply support is the fact that free supplies from military excess are down \$800,000 from receipts from this source in FY 1964. This fall off results from the present Vietnam situation and is a major factor in our present situation. Our request represents an increase in unit cost and funds, as shown below:

Type of supply	Estimate, 1967	Requested, 1968	Fund increase
Inpatient.....	\$2.06	\$2.42	\$323,000
Outpatient in hospitals.....	.88	1.06	166,000
Outpatient in clinics.....	.75	.85	75,000
Total.....			564,000

Increase in outpatient office costs

An increase of \$56,000 will provide for annualization of the rate increases (for fee basis schedules used in states, primarily in Michigan and New York) and will cover the increase in visits to contract physicians in our outpatient offices.

Increase in subsistence rate

The wholesale price indexes reflect substantial rises last year in prices for farm products and processed foods. As a partial relief from this upward pressure, the allowance to the hospitals in 1967 was set at \$1.08 a ration, one cent more than was budgeted. A further increase of four cents in the general hospitals and five cents in the Carville hospitals is requested for 1968. The cost of this increase is estimated to be \$44,000.

Carville hospital

The planned modernization of Carville includes improvement in patient care as well as in facilities. Staffing increases are proposed primarily to eliminate overtaxing the Sisters of Charity serving far beyond the ordinary work week in Nursing, Dietary, and Pharmacy and to provide improved services in Physical Medicine and Rehabilitation, Radiology, Medical Service, Research and Training. Implementation of this improved patient care program will require the eventual addition of 32 employees. As a first step, eight of these positions are requested for 1968, at a cost of \$69,000.

Consultant costs

In the consultant area, we are faced with a consistent absorption of expense and actual reduction of program because the annual renegotiations of contracts with these fee-basis practitioners continuously raises the unit cost of such services. Even these renegotiations do not provide for fees comparable to the fees being paid by other activities in the communities where we have medical care facilities. Some of our consultants stay with us at these lower prices as a result of relationships established with members of our professional staff or for the status that the position of consultant to the Public Health Service gives them, but as the older ones leave or as economic pressures dictate contract changes, our costs continually rise. The seriousness of this need can be illustrated in the State of Michigan (where all consultant contracts call for adherence to a schedule for Government fees), which resulted in an increase of \$25,000 in 1966 of expenses in our PHS hospital in Detroit and its service area. With the advent of increased calls for specialist services arising from Medicare, we are certain to feel upward pressure on our fee schedules. Our requested increase of \$150,000 represents a step toward achieving comparability with established Federal and State fee schedules.

Another contributing factor is that the number of consultants needed and the frequency with which they are used are also increasing. With a projected eventual increase of 237 medical and dental interns and residents over the 1965 level, we need to be able to hire the teaching skills to broaden and re-enforce the training program. In addition, as a matter of basic medical care, our practitioners should have more ready access to the services of skilled consultants.

Headquarters staff

The request for Headquarters position increases is based upon the requirement to coordinate and administer the planning, programming, budgeting, and execution of programs of excellence and distinction. An increase of eight positions and \$100,000 is requested for this purpose. The need is to provide staff capability to meet the demands generated by the planning-programming-budgeting system (PPBS) being instituted in the Service, Department, and Government-wide. With this added staff, we will be able to innovate, plan, and evaluate programs, with emphasis on operational or systems analysis of facility, personnel, and equipment requirements.

Printing cost for "The Ship's Medicine Chest and First Aid at Sea"

The official Public Health Service Manual for the use of ships that have no physician aboard is "The Ship's Medicine Chest and First Aid at Sea." This publication, which describes symptoms and advises on medication, including a listing of supplies, is now 17 years old except for a few "green page" revisions added almost ten years ago. To make this a current and useful publication, a complete revision is in process which will be finished in 1967. In order to provide for the initial printing, an increase in 1968 of \$30,000 will be needed.

Personalized health services project

An important responsibility to develop and demonstrate new patterns of medical practice will begin with the installation of a Multiphasic Screening Program at the Staten Island hospital. Here, we will use automated disease detection methods to assist the physician in making a comprehensive evaluation of the patient's health condition. Examination time can be reduced from 2-3 days to approximately 2-3 hours, with uniformly high quality results.

The system will have a capability of handling up to 50,000 examinations per year, utilizing two 8-hour shifts per day, 240 days per year. Staffing requirements are patterned after the program operated by the Kaiser Permanente Foundation, Oakland, California. Included are technical operating staff to perform the tests and measurements, and supporting clerical staff to handle the health data and administrative data produced on a half-year basis. The project requires 46 positions and \$400,000 which will provide the necessary equipment and contractual services during the 6-month period required to establish the program and to permit its full operation during the remainder of the fiscal year. Funds in the amount of \$100,000 needed for alterations are requested in the "Buildings and Facilities" budget.

*Community service programs**Rehabilitation medicine*

	1967			1968		
	Grants	Amount	Positions	Grants	Amount	Positions
Research grants:						
Continuations.....	2	\$85,000		1	\$30,000	
New.....				1	55,000	
Subtotal.....	2	85,000		2	85,000	
Direct operations.....		86,000	5		86,000	5
Total.....	2	171,000	5	2	171,000	5

The 1968 estimate includes the continuance of rehabilitation medicine programs implemented in 1967, with no request for increase in funds.

This program consists of extramural activities, research grants, and contracts with universities, hospitals, and other institutions, and intramural activities, strengthening current rehabilitation programs in PHS hospitals with the aim of introducing rehabilitation programs into all PHS hospitals. Examples of research grants are: Kinetic Studies of Normal and Abnormal Locomotion, Marquette School of Medicine; and Relearning Motor Skills in Hemiplegia: Error Analysis, New York University Medical Center.

The extramural program involves a variety of studies, such as reconditioning techniques in older persons to forestall disability, low back problems, normal and abnormal locomotion, hemophilia, and many others, either completed or in the process of development.

The intramural program, with a focus on the PHS hospitals, will explore interdisciplinary communications, systems of record keeping suitable for complex problems of rehabilitation patients, development of regional rehabilitation services, and the development of special training opportunities in rehabilitation medicine.

*Emergency health services**Direct operations:*

1967	\$152,000
Positions	7
1968	\$955,000
Positions	11

The broad objective of the Emergency Health Services program is to minimize the consequences of accidental injury and other medical emergencies, regardless of the location of their occurrence, through encouraging, promoting, and assisting the development of the highest quality emergency health services.

The 1968 estimate proposes an increase of \$803,000 in emergency health services. This is composed primarily of an increase in project contracts and will provide for four additional positions.

Project contracts are made with universities, hospitals, laboratories, and other public and private institutions and individuals for the development of better types of emergency treatment and delivery of emergency care. The increase is required for continuance of existing contracts and to further develop, on a national basis, with all groups concerned, a broad scope program, including communication systems, training of personnel, transportation methods, and hospital emergency room services. Examples of contracts are: Development of Administrative Guides for Implementing Emergency Call and Surveillance Systems and Emergency Medical Services Support System with the Department of Hospital Administration, School of Medicine, University of North Carolina; and Emergency Medical Identification with Health Officer, D.C. Health Department.

The four positions (Public Health Program Specialists) are to be used to support the States by providing technical assistance in conducting field studies and demonstrations and in expansion of training resources.

Poison control

	1967			1968		
	Grants	Amount	Positions	Grants	Amount	Positions
Research grants:						
Continuations.....	5	\$93,000	-----	9	\$207,000	-----
New.....	4	114,000	-----	1	72,000	-----
Subtotal.....	9	207,000	-----	10	279,000	-----
Direct operations.....		180,000	11		186,000	11
Total.....	9	387,000	11	10	465,000	11

This program supports eleven positions in direct operations, and requires an increase of \$6,000 for built-in personal services costs in 1968. An increase of \$72,000 is requested to support one new research grant in 1968.

Studies are conducted through research grants such as: Antidote for Snake Bite Venom, Utah State University; and Kinetics of Peritoneal Dialysis, University of North Carolina; contracts, such as a Feasibility Study on a Master Poison Control Center being conducted by the Metropolitan Denver Research Foundation, Inc.

An example of progress in the Poison Control Program is illustrated in the completion of a project which was the successful development of a technical aid, "A Guide for Teaching Poison Prevention in Kindergartens." Though this has been tested throughout the State of South Carolina, there is a need to establish the effectiveness of these techniques in reducing accidental ingestions by testing and evaluating them in other geographic areas where climate, population characteristics, and socio-economic conditions differ. This course of action will be pursued in 1968.

Cytopathological functions

An increase of \$67,000 is requested to permit continuation of the uterine cancer detection services we provide for our beneficiaries. Now a recognized component of routine medical care, this program was initially established for teaching and demonstration purposes by the Division of Chronic Diseases, Bureau of State Services, which has funded the program in previous years, but will discontinue this support at the close of fiscal year 1967.

PHS management fund

The Bureau of Health Services, Office of the Bureau Director, provides program direction, program services, and handles business management functions for Bureau activities. It is financed by payments from the component Divisions to the PHS Management Fund on a pro rata basis. An increase of \$112,000 is included in the 1968 estimate for its support.

Other changes

A total increase of \$734,000 is needed for mandatory expenses of statutory salary increases, reclassifications, increased social security contributions, annualization of wage board and pay act increases, and new positions authorized in 1967. A table summarizing these expenses is as follows:

<i>Mandatory expenses</i>		<i>Amount</i>
1. Annualization of new positions authorized in 1967-----		\$6, 000
2. Net additional cost of within grades, incentive pay increases, and reclassification increases-----		381, 000
3. Increase in social security contributions-----		6, 000
4. Annualization of 1967 wage board increases-----		161, 000
5. Annualization of pay act increases-----		180, 000
Total-----		734, 000

A decrease of \$8,000 is reflected to offset the increase in reimbursements.

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Average daily patient load, admissions and outpatient visits by type of facility

	Hospitals		
	General	Leprosarium	Total
Average daily patient load:			
1966.....	2,314	293	2,607
1967.....	2,320	290	2,610
1968.....	2,330	290	2,620
Admissions:			
1966.....	46,429	143	46,572
1967.....	46,825	125	46,950
1968.....	47,050	125	47,175

Outpatient visits

	Hospitals	Outpatient clinics	Outpatient offices	Total
1966.....	795,842	651,628	63,808	1,511,278
1967.....	818,000	677,550	67,500	1,563,050
1968.....	836,700	697,750	69,500	1,603,950

Average daily patient load by type of beneficiary—"Nonreimbursable"

	Actual, 1966	Estimate, 1967	Estimate, 1968
Total.....	2,102	2,074	2,076
American seamen.....	1,355	1,355	1,355
Coast Guard.....	208	207	210
Bureau of Employees' Compensation.....	99	90	90
Patients with leprosy.....	304	295	295
Special study.....	106	100	100
All other.....	30	27	26

Comparative statement of reimbursements

	Actual, 1966			Estimate, 1967			Estimate, 1968		
	Average daily load	Rate per day	Amount	Average daily load	Rate per day	Amount	Average daily load	Rate per day	Amount
PHS hospitals other than psychiatric hospitals:									
Special study.....	35	\$43.50	\$556,439	43	\$45.00	\$706,300	43	\$45.00	\$708,200
Veterans.....	19	27.00	185,355	31	27.00	305,500	34	27.00	336,000
Foreign seamen.....	26	43.50	417,994	25	45.00	410,600	25	45.00	411,700
Immigration.....	13	27.00	3,159	1	27.00	9,900	1	27.00	9,900
Indians.....	13	27.00	125,388	13	27.00	128,100	13	27.00	128,400
Department of State, Dependents.....	1	43.50	12,262	1	46.00	16,800	1	46.00	16,800
Other (including emergency).....	20	27.00	199,554	20	27.00	197,100	20	27.00	197,600
Department of Defense (Armed Forces).....	117	27.00	1,150,848	121	27.00	1,192,400	123	27.00	1,215,000
Department of Defense (Dependents).....	199	43.50	3,158,320	203	46.00	3,408,400	203	46.00	3,417,700
Coast Guard, U.S. Public Health Service, and Environmental Science Services Administration (Dependents).....	75	1.75	47,884	78	1.75	49,800	81	1.75	51,900
Coast Guard, U.S. Public Health Service, and Environmental Science Services Administration Officers.....		1.00	13,612		1.00	14,000		1.00	14,000
Outpatient visits.....			87,686			144,100			144,000
Miscellaneous (including details with PHS).....			788,484			1,703,700			1,943,000
Total PHS hospitals other than psychiatric hospitals.....	505		6,747,285	536		8,286,700	544		8,294,600
Total psychiatric hospitals.....	216		1,191,401	215		2,140,200			
Total, operation of hospitals.....	721		7,938,686	751		9,686,900	544		8,294,600
Other inpatient and outpatient care.....			5,000			3,000			3,000
Subtotal, inpatient and outpatient care.....			7,943,686			9,689,900			8,297,600
Operation of health units.....			1,017,953			1,559,000			2,397,000
Personnel detailed to other agencies.....			287,361			1,085,000			1,085,000
Total, all reimbursements.....			9,249,000			12,333,900			11,779,600
Rounded.....						12,334,000			11,780,000

¹ PHS is estimated to be a weighted rate on the following individual rates: Obstetrical and maternity services: 1st 5 days of stay, \$60; 6th and subsequent days of stay, mother, \$45; infant, \$10; other than obstetrical and maternity service, \$45.

² These amounts are included in the comparative transfer to NIMH.

Estimated cost of contract and Federal hospitalization

	Actual, 1966	Estimate, 1967	Estimate, 1968
I. Contract hospitalization:			
A. Total:			
Hospitals.....	\$18,271	\$17,000	\$17,000
Outpatient clinics and offices.....	962,208	1,003,000	1,006,000
Coast Guard.....	117,755	118,000	118,000
Total.....	1,098,234	1,138,000	1,141,000
B. Hospitals and clinics only:			
Average daily patient load.....	43	43	43
Total annual patient-days.....	15,945	15,695	15,738
Average cost per patient-day.....	\$61.49	\$65.00	\$65.00
Total cost (rounded).....	\$980,479	\$1,020,000	\$1,023,000
C. Coast Guard: Coast Guard (emergency hospitalization costs).....	\$117,755	\$118,000	\$118,000
II. Federal hospitalization:			
Average patient load of hospitalization.....	102	111	111
Total annual patient-days.....	37,215	40,515	40,626
Total cost (rounded).....	1,063,349	\$1,165,000	\$1,168,000
Adjustment to reach sec. 1311 certification.....	+38,087		
Fiscal year 1966 obligations.....	\$1,101,436		
III. Derivation of Federal hospitalization costs:			
A. American seamen in Veterans' and Department of Defense hospitals and Coast Guard in Veterans' hospitals:			
Average patient load of hospitalization.....	43	48	48
Total annual patient-days.....	15,787	17,520	17,568
Approved reimbursable rate.....	\$27.00	\$27.00	\$27.00
Total cost.....	\$426,249	\$473,040	\$474,336
B. Officers of Coast Guard, PHS, and ESSA in Department of Defense hospitals:			
Average patient load of hospitalization.....	11	12	12
Total annual patient days.....	3,919	4,380	4,392
Approved reimbursable rate.....	\$25.90	\$25.90	\$25.90
Total cost.....	\$101,502	\$113,442	\$113,753
C. Coast Guard enlisted personnel in Department of Defense hospitals:			
Average patient load of hospitalization.....	39	42	42
Total annual patient days.....	14,205	15,330	15,372
Approved reimbursable rate.....	\$27.00	\$27.00	\$27.00
Total cost.....	\$383,535	\$413,910	\$415,044
D. Total items A, B, and C:			
Average patient load of hospitalization.....	93	102	102
Total annual patient days.....	33,911	37,230	37,332
Total cost, other Federal hospitalization.....	\$911,286	\$1,000,392	\$1,003,133
E. Balboa Heights:			
Days of hospitalization.....	1,926	1,825	1,830
Approved reimbursable rate.....	\$43.00	\$50.00	\$50.00
Cost.....	\$82,818	\$91,250	\$91,500
F. Balboa Heights:			
Outpatient visits.....	4,838	5,000	5,000
Approved reimbursable rate.....	\$9.50	\$10.00	\$10.00
Cost.....	\$45,961	\$50,000	\$50,000
G. Indian hospitalization:			
1. PHS officers and Dependents:			
Days of hospitalization.....	615	730	732
Approved reimbursable rate.....	\$1.75	\$1.75	\$1.75
Cost.....	\$1,076	\$1,278	\$1,281
2. American seamen and enlisted Coast Guard:			
Days of hospitalization.....	763	730	732
Approved reimbursable rate.....	\$27.00	\$27.00	\$27.00
Cost.....	\$20,601	\$19,710	\$19,764

See footnotes at end of table.

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Estimated cost of contract and Federal hospitalization—Continued

	Actual, 1966	Estimate, 1967	Estimate, 1968
H. Anchorage, Alaska:			
Outpatient visits.....	189	300	300
Approved reimbursable rate.....	\$8.50	\$8.50	\$8.50
Cost.....	\$1,607	\$2,550	\$2,550

¹ Officers pay \$1.10 subsistence charge, PHS pays the difference.

Summary of research estimates, 1967 and 1968

	Positions	Man-year	Amount
Estimate, 1967:			
Carville.....	11	10	\$114,000
Hospitals other than Carville ¹	66	66	704,000
Other research programs ²			292,000
Subtotal, direct funds.....	77	76	1,110,000
Reimbursable research.....	97	97	1,249,000
Total.....	174	173	2,359,000
National Institutes of Health grant-supported research (1967 grants) ³	105	82	918,400
Total, hospitals and medical care and National Institutes of Health.....	279	255	3,277,400
Estimate, 1968:			
Carville.....	11	10	114,000
Hospitals other than Carville ¹	74	74	822,000
Other research programs ²			464,000
Personalized health service project.....	46	23	400,000
Subtotal, direct funds.....	131	107	1,800,000
Reimbursable research.....	97	97	1,249,000
Total.....	228	204	3,049,000
National Institutes of Health grant-supported research (1968 grants) ³	105	82	918,400
Total, hospitals and medical care and National Institutes of Health.....	333	286	3,967,400

¹ Includes 1 research position at headquarters.

² Amounts transferred from activities previously carried under the titles:

	1967	1968
Chronic diseases.....	\$85,000	\$85,000
Injury control.....	207,000	379,000
Total.....	292,000	464,000

³ Authorized by sec. 210, Public Law 86-158, 1st sess., for 1960.

2. Coast Guard medical services

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	125	\$1,438,000	139	\$1,579,000	+14	+\$141,000
Other expenses.....		557,000		632,000		+75,000
Total.....	125	1,995,000	139	2,211,000	+14	+216,000
Reimbursable obligation.....						
Direct obligations.....		1,995,000		2,211,000		+216,000

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The budget estimate provides for medical services to the Coast Guard aboard their vessels and at their air and other shore stations. Not included are costs funded by the Coast Guard such as space, utilities, medical and dental equipment, mobile dental units, furniture, office appliances, pay allowances and travel of Coast Guard personnel assigned to the program, etc.

Medical facilities at Coast Guard units are classified as infirmaries, dispensaries, or sick bays. The larger shore units have infirmaries staffed with medical and dental officers of the Public Health Service. Dispensaries are facilities at intermediate size shore units at which either or both medical and dental officers are assigned to duty. Sick bays are facilities aboard vessels and at smaller shore units. Sick bays are usually manned by hospital corpsmen, but vessels may have a medical officer assigned.

Full-time medical, dental, and ancillary staff are assigned where there are sufficient concentrations of personnel to make the operation of such facilities more economical to the Government. Small concentrations of personnel are provided medical and dental services by local contract physicians and dentists. Mobile dental units with a Public Health Service dental officer assigned are also used to provide dental services to Coast Guard personnel. The major problem of the Coast Guard program is provision of adequate medical and dental care to personnel widely dispersed in numerous small units, many of which are geographically and medically isolated.

The increase of 14 positions and \$140,000 is to provide 5 positions in support of aviation activities, 6 in support of major shore activities, at Cape May, N.J., and Fort Jay, N.Y., and 3 in support of icebreaker operations.

The increase of 3 positions for the Cape May recruitment center is for dental officers. This will provide for a completion rate of 74% of dental services versus the present 60%.

The increase requested for the Coast Guard Base at Fort Jay, New York, is generated by the consolidation of major activities in the local area and the transfer of a major training command to this location. The positions provide for a medical officer, a nurse and a pharmacist.

In addition, an increase of \$75,000 in supplies is requested for the following:

\$25,000 Annual operation, Fort Jay

20,000 Annual operation, icebreakers

30,000 Increase to all units

An increase of \$1,000 is requested for increased Social Security rates.

3. Federal employee occupational health and safety

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	203	\$1,425,000	347	\$2,174,000	+144	+\$749,000
Other expenses		410,000		621,000		+211,000
Total	203	1,835,000	347	2,795,000	+144	+960,000
Reimbursable obligations		1,559,000		2,397,000		+838,000
Direct obligations		276,000		398,000		+122,000

Funds under this activity provide for the operation of the new Division of Federal Employee Health established by the Secretary June 1, 1966.

The work of the Division is based upon statutory authority and responsibility assigned to the Public Health Service under P.L. 658, August 8, 1946 (5 U.S.C. 150); the 1965 Presidential Policy Statement on Federal Employee Occupational Health; Bureau of the Budget Executive Circular No. A-72, June 18, 1965; and the responsibility of the Public Health Service to protect the safety of its employees and the public in the course of operations.

Funds and personnel made available for 1967 were limited to those transferred from the Federal Employee Health Program of the Division of Direct Health Services and the Safety and Fire Protection Section of the Division of Administrative Services in the Office of the Surgeon General.

The Division has established the following objectives:

a. To carry out its responsibilities to provide consultation on the organization and establishment of employee health services to any Federal agency requesting advice; to provide standards and criteria for the furnishing of such employee health services; and, when requested, to assist agencies of the Government in the evaluation of such services.

b. To organize, administer, and operate such Federal employee health service programs for participating Federal agencies on a reimbursable basis.

c. To organize and implement an improved intramural occupational safety program for the Public Health Service and its employees.

Services authorized for Federal employees include emergency diagnosis and treatment of injury or illness occurring during the working hours; preemployment examination; in-Service examinations as the Department or agency head determines to be necessary; administration of treatments and medications under certain circumstances; preventive services, to appraise and report work environment health hazards, health education, and specific disease screening examinations and immunizations; and, referral to private physicians, dentists and other community health resources. The goal is the provision of these services for all Federal employees who work in groups of 300 or more.

The operation of such programs provides a work laboratory for the testing and development of improved occupational health services and provides the Division with experience to maintain practical expertise as a consultant. The Division, on a reimbursable basis, now administers 57 employee health units, serving some 361 Federal agencies and 93,000 Federal workers. Requests are on hand to open approximately 30 new clinics serving an additional 50,000 employees. Consulting requests are increasing, for example, a request to evaluate the Employee Health Program of the Post Office Department.

The complexity and range of environments in which PHS employees must work dictates that specific skills must be applied to assessment and control of occupational hazards. The decision to add responsibility for PHS safety control to this Division's programs reflects recognition of the overall deficient status of PHS support for the safety of its employees. There is mounting concern over PHS rising losses related to operational activities.

Three additional positions in Headquarters are required to support statistical and other administrative needs associated with employee health program growth. Six positions are required to meet the safety control needs through development of services in safety engineering control, industrial hygiene, and safety inspection.

The 1968 budget estimate reflects an increase of 144 positions and \$960,000. Of the increase, 135 positions and \$638,000 will be in reimbursable funds to operate the requested 30 new health units. There will be an increase of 9 positions and \$100,000 in appropriated funds for augmentation of Headquarters' staff in financial management, statistics, safety engineering, industrial hygiene, and safety inspection. In addition, \$222,000 of which \$200,000 will be in reimbursable funds is for annualization of new positions authorized in 1967.

Health unit operations and program estimates, fiscal years 1967 and 1968

Health unit	Location	Fiscal year 1967				Fiscal year 1968				
		Number agencies served	Number employees served	Cost of unit (thousands)	Man-years	Notes	Number agencies served	Number employees served	Cost of unit (thousands)	Man-years
Atomic Energy Commission	-----	4	1,775	\$46.0	4.4	-----	4	1,800	\$49.0	4.4
Phillips Building	-----	2	267	10.0	1.2	-----	2	275	11.0	1.2
Brown Building	-----	1	1,750	17.0	1.2	-----	1	1,800	18.0	1.2
Bureau of Engraving and Printing	-----	1	3,000	89.0	9.0	-----	1	3,100	93.0	9.0
Centennial Building	-----	3	283	13.0	1.2	-----	3	300	14.0	1.2
Coast Guard Building	-----	3	1,116	15.0	1.0	-----	3	1,150	16.0	1.2
Crystal Plaza Building	-----	3	1,560	18.0	1.0	-----	3	1,700	19.0	1.2
E Street Building	-----	3	718	13.0	1.0	-----	3	725	14.0	1.2
Executive Office Building	-----	10	1,117	15.0	1.2	-----	10	1,120	16.0	1.2
Federal Office Building No. 6	-----	4	1,900	27.0	2.4	-----	4	1,900	29.0	2.4
Federal Office Building No. 8	-----	2	1,350	15.0	1.2	-----	2	1,400	16.0	1.2
Franklin Square Building	-----	2	548	14.0	1.2	-----	2	550	15.0	1.2
General Accounting Office	-----	10	6,200	89.0	9.0	-----	10	6,200	93.0	9.0
General Services Administration (Main)	-----	5	3,100	39.5	3.0	-----	5	3,100	41.0	3.2
GSA: (3 units) R.O.B. No. 3	-----	4	925	67.0	7.0	-----	4	925	70.0	7.0
Federal Records Center	-----	1	249	(1)	(1)	-----	1	250	(1)	(1)
Franconia Warehouse	-----	2	222	(1)	(1)	-----	2	222	(1)	(1)
HEW: (2 units) North Building	-----	8	3,230	87.0	9.0	-----	8	3,230	90.0	9.0
South Building	-----	3	1,710	(1)	(1)	-----	3	1,750	(1)	(1)
Tempo R Building	-----	3	444	(1)	(1)	-----	3	450	(1)	(1)
Internal Revenue Service Bldg.	-----	5	3,439	\$65.1	6.5	-----	5	3,450	\$68.0	6.5
Labor Department Bldg.	-----	3	1,555	24.0	2.2	-----	3	1,550	25.0	2.2
Lafayette Bldg.	-----	11	3,050	37.0	2.6	-----	11	3,100	38.0	2.6
Madison Bldg.	-----	1	1,059	17.5	1.2	-----	1	1,059	18.0	1.2
Matomco Bldg.	-----	2	720	14.0	1.2	-----	2	725	15.0	1.2
Matomco Bldg.	-----	5	1,500	16.7	1.2	-----	5	1,500	17.6	1.2
National Archives Bldg.	-----	1	488	13.4	1.2	-----	1	500	13.4	1.2
National Bureau of Standards (2 units)	-----	1	2,500	70.0	7.0	-----	1	3,000	75.0	8.0
Sills Bldg.	-----	1	300	(1)	(1)	-----	1	300	(1)	1.2
	-----					July 1966?				
	-----					do.				

National Labor Relations Board Bldg.	2	18.6	855	1.2	900	19.7	1.2
Treasury building (3 units)	2	51.0	1,780	5.0	1,800	54.0	5.0
Liberty Loan Bldg.	4	(1)	508	(1)	575	(1)	(1)
Public Debt Bldg.	4	(1)	881	(1)	881	(1)	(1)
Universal North Bldg.	3	15.2	1,500	1.5	1,500	16.0	1.5
Walker Johnson Bldg.	6	13.4	646	1.0	650	14.2	1.2
Wallops Island:	1						
Unit No. 28	1	68.0	625	4.0	650	71.0	4.5
Unit No. 29	1	(1)	(1)	(1)	(1)	(1)	(1)
Willie Bldg.	3	15.6	1,024	1.2	1,075	16.5	1.2
Federal Bldg. (450 Golden Gate)	33	58.0	3,860	7.0	3,900	63.0	7.5
Federal Bldg. (40 4th St.)	4	15.3	1,633	2.0	1,650	16.2	2.5
Federal Bldg.	14	30.0	2,860	6.0	3,000	41.5	6.0
Federal Center	9	72.0	5,500	8.0	5,500	75.0	8.5
Federal Office and Courthouse	34	58.0	3,000	6.0	3,500	60.4	6.0
John F. Kennedy Bldg.	9	16.0	1,633	1.0	1,633	17.0	1.0
Federal Center	14	55.0	2,545	6.0	2,550	60.5	6.0
Federal Bldg. (1500 E. Bnstr.)	4	12.6	912	1.0	912	13.3	1.2
Federal Bldg. (601 E. 12th)	12	70.0	3,733	6.0	4,250	74.0	6.0
Federal Bldg. (Walnut St.)	12	13.4	504	1.0	500	14.0	1.0
Belle Mead Bldg.	2	9.5	407	1.0	400	10.0	1.0
Church Street Bldg.	2	15.7	1,024	1.0	1,025	16.6	1.0
Federal Bldg.	35	28.4	1,877	3.0	2,500	38.0	4.0
A and D Bldg.	1	19.0	1,670	2.0	1,500	21.0	4.0
Santa Fe Bldg.	16	29.1	1,726	2.0	1,700	30.8	3.0
Federal Bldg. (Taylor St.)	20	31.0	2,000	4.0	3,000	51.0	6.0
Federal Center (Humphill St.)	7	13.4	590	1.0	600	15.0	1.2
Federal Center (Vickory Blvd.)	2	14.0	310	1.0	350	14.9	1.2
Grand total	301	1,599.0	93,000	151.0	97,335	1,713.9	163.0
Total, 57 health units							
Applications pending to open 30 units.					45,605	723.1	110.0
Grand total					143,000	2,437.0	273.0

1 Included in data line supra.

2 Opening date.

3 Closing date.

4. Personnel detailed to other agencies

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits.....	72	\$919,000	72	\$919,000		
Other expenses.....		166,000		166,000		
Total.....	72	1,085,000	72	1,085,000		
Reimbursable obligations.....		1,085,000		1,085,000		
Direct obligations.....						

This activity is completely reimbursable. Funds provide for Public Health Service personnel who are detailed to other Federal agencies, among which are the Bureau of Employees' Compensation, Environmental Science Services Administration, and Maritime Commission. Other objects of expense are also provided on a reimbursable basis when authorized by law.

The estimated number of personnel and net cost for all objects of expense by Agency are shown below:

	Actual, 1966		Estimate, 1967		Estimate, 1968	
	Positions	Amount	Positions	Amount	Positions	Amount
Bureau of Employees' Compensation.....	10	\$160,324	11	\$175,000	11	\$175,000
Maritime Administration.....	3	37,507	3	50,000	3	50,000
Environmental Science Services Administration.....	6	38,085	6	60,000	6	60,000
Pan-American Health Organization.....	1	10,888	1	15,000	1	15,000
National Aeronautics and Space Administration.....	1	15,828	1	20,000	1	20,000
Coast Guard.....	2	11,341	2	40,000	2	40,000
Department of Agriculture.....	1	6,982	1	25,000	1	25,000
Army Corps of Engineers (classified).....		3,702	11	110,000	11	110,000
Central Intelligence Agency.....	1	2,704				
Federal Appalachian Commission.....			1	20,000	1	20,000
Office of Economic Opportunity.....			6	70,000	6	70,000
Vietnam program—AID.....			29	500,000	29	500,000
Total.....	25	287,361	72	1,085,000	72	1,085,000

5. Payments to Hawaii

Grants, subsidies, and contributions:

1967 estimate.....	\$1,200,000
1968 estimate.....	1,200,000
Increase or decrease.....	

Funds under this activity are for payments to the State of Hawaii for care and treatment of persons afflicted with leprosy as authorized and directed by 42 U.S.C. 255. Since this activity was authorized in 1953 by the Congress, the State of Hawaii has been unable to fully meet the total expenses from the funds which have been appropriated. No increase is requested in 1968.

The table below shows the estimated patient days, per diem cost, average daily patient load, appropriation, and requirements for 1967 and 1968. It should be noted that reimbursement is based on actual expense so that the requested amount will not be paid out unless it is actually earned.

	Estimate, 1967	Estimate, 1968
Average daily patient load.....	258	254
Patient days.....	94,000	93,000
Per diem cost.....	\$16.74	\$17.44
Total cost.....	1,573,500	1,621,512
Appropriation request.....	1,200,000	1,200,000

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New positions requested, fiscal year 1968

	Grade	Amount
Inpatient and outpatient care:		
Medical Officer	Sec.	23, 174
Public health program specialist (6)	208(g).	
Public health program specialist (5)	GS-15	105, 300
Financial operations officer	GS-14	75, 530
Public health program specialist (7)	GS-14	15, 106
Public health program specialist (2)	GS-13	90, 111
Medical staff assistant	GS-12	21, 854
Medical staff assistant (4)	GS-12	10, 927
Financial operations officer	GS-11	36, 884
Computer operator	GS-11	9, 221
Medical staff assistant (6)	GS-11	9, 221
Property management specialist (3)	GS-10	50, 526
Electronic technician	GS-10	25, 263
Assistant chief (2)	GS-10	8, 421
Administrative officer (3)	GS-9	15, 392
Medical staff assistant (2)	GS-9	23, 088
Financial operations officer	GS-9	15, 392
Dietitian (5)	GS-9	7, 696
Personnel officer	GS-9	38, 480
Medical staff assistant	GS-9	7, 696
Housekeeping assistant	GS-8	7, 068
Property management assistant	GS-7	6, 451
Nurse (17)	GS-7	6, 451
Medical staff assistant (6)	GS-7	109, 667
Medical staff technician (11)	GS-7	38, 706
Laboratory technician (9)	GS-7	70, 961
Clerical assistant	GS-7	58, 059
Property management assistant (11)	GS-6	5, 867
Nurse (39)	GS-6	64, 537
Medical staff assistant (4)	GS-6	228, 813
Medical staff technician	GS-6	23, 468
Clerical assistant (5)	GS-6	5, 867
Housekeeping assistant	GS-5	26, 655
Property management assistant	GS-5	5, 331
Dental staff technician (4)	GS-5	5, 331
Dietetic assistant (2)	GS-5	21, 324
Medical staff technician (5)	GS-5	10, 662
Laboratory technician (5)	GS-5	26, 655
Clerical assistant (14)	GS-5	26, 655
Laundry worker	GS-4	66, 864
Dental staff technician (11)	GS-4	4, 776
Medical staff technician (9)	GS-4	52, 536
Nursing assistant (11)	GS-4	42, 984
Clerical assistant (3)	GS-4	52, 536
Nursing assistant (24)	GS-3	12, 807
Custodial worker (2)	GS-3	102, 456
Dental staff technician (2)	GS-3	8, 538
Ungraded positions at hourly rates equivalent to less than \$15,106:		
Housekeeping assistant (16)		8, 538
Laundry worker (2)		70, 991
Custodial worker (8)		6, 593
Dietetic assistant (20)		47, 576
Maintenance craftsman		103, 043
Grades established by act of July 1, 1944 (42 U.S.C. 207) (commissioned officers):		6, 826
Director grade (5)		
Senior grade (21)		83, 225
Full grade (18)		271, 824
Senior assistant grade (63)		168, 714
Assistant grade (8)		530, 874
		48, 440
Total (417)		3, 027, 951
Coast Guard medical services: Nurse (2)	GS-7	12, 902
Grades established by act of July 1, 1944 (42 U.S.C. 207): Senior assistant grade officers (12)		97, 176
Total (14)		110, 078

New positions requested, fiscal year 1968—Continued

	Grade	Amount
Division of Federal employee occupational health and safety:		
Safety engineer.....	GS-13	12,873
Industrial hygienist.....	GS-13	12,873
Financial management officer.....	GS-13	12,873
Safety training officer.....	GS-11	9,221
Safety officer, inspector.....	GS-9	7,696
Records management officer.....	GS-9	7,696
Statistician.....	GS-9	7,696
Nurse (18).....	GS-8	127,224
Nurse (18).....	GS-7	116,118
Medical staff technician (4).....	GS-7	25,804
Medical staff technician (5).....	GS-6	29,335
Nurse (36).....	GS-6	211,212
Secretary.....	GS-5	5,331
Fiscal clerk.....	GS-5	5,331
Clerical assistant (18).....	GS-4	85,968
Ungraded positions at hourly rates equivalent to less than \$15,106: House-keeping assistant (18).....		76,428
Grades established by act of July 1, 1944 (42 U.S.C. 207): Full grade officers (18).....		195,174
Total (144).....		948,853
Total new positions, all activities (575).....		4,086,882

DIVISION PREDECESSOR PROGRAMS

Senator HILL. Dr. Walsh, will you come forward.

We are glad to have you back with us and you may proceed in your own way.

Dr. WALSH. In 1798, President John Adams signed an act for the relief of sick and disabled seamen. This legislation established the Marine Hospital Service, which became the foundation on which the Public Health Service Division of Hospitals was built.

Senator HILL. I think that was the year before George Washington died, is it not?

Dr. WALSH. Yes, I think that that is correct.

Over the years, other beneficiary groups were added, such as, Public Health Service commissioned officers and their dependents, Coast Guard personnel and their dependents, Environmental Science Services Administration officers and crew members, persons afflicted with leprosy, and Federal employees injured in line of duty.

REIMBURSABLE MEDICAL SERVICES

In addition to these beneficiary groups, medical services are furnished, on a reimbursable basis, to members of the Armed Forces and their dependents, under the dependents' medical care program; foreign seamen; certain beneficiaries from other agencies, including the State Department, Immigration and Naturalization Service, Maritime Administration, Veterans' Administration; and others.

Provision is also made for reimbursement to the State of Hawaii for the care of patients afflicted with leprosy.

DIVISION CREATION

Effective January 1, 1967, the Division of Hospitals was renamed the Division of Direct Health Services, as part of the Public Health Service reorganization. In conjunction with this change, the two psychiatric and drug addiction hospitals located at Fort Worth, Tex., and Lexington, Ky., were transferred to the newly established National Institute of Mental Health in its new bureau status.

DIVISION RESPONSIBILITIES

Though the primary mission of this Division is to provide comprehensive health services to its beneficiaries, it also has responsibility for the training of health services personnel; conducting clinical and health services research; and participation in community health service programs.

In essence, its broadened responsibility is in keeping with the recognition by many authorities, including the National Commission on Community Health Services, that the hospital is, and should be, the focal point for all health services.

Senator HILL. How many of these hospitals do you have left? You closed them out 2 years ago.

Dr. WALSH. We have 10 general hospitals and one leprosarium. Too, it represents the realization that Federal institutions area programs are functionally part and parcel of their community counterparts and that it is the sum of all of these which constitutes the true community health resource. Categorical Federal programs and mission oriented Federal institutions must be brought into the mainstream of regional and community medicine.

UTILIZATION OF NATIONAL NETWORK OF CLINICS AND HOSPITALS

With these precepts in mind, it is our intention to utilize, to the fullest, our national network of clinics and hospitals to provide professional and facility support to the newer components of our Division: medical rehabilitation, poison control, and emergency health services.

The existing, close professional, academic, and community ties enjoyed by these field stations will be of invaluable assistance in permitting us to bring such direct health services to the public and to discharge our responsibilities in these vital areas.

SERVICE QUALITY, QUANTITY, AND EFFICIENCY IMPROVEMENT

The goals of the new Division are not limited to meeting expanded responsibilities. We propose, rather, to put increased emphasis on the content of our programs by directing our efforts toward improving the quality, quantity, and efficiency of those direct health services, which are the primary mission of the Division.

Here, we have unique opportunities. The relatively small, well-coordinated body of 10 general hospitals, the Carville Hospital, and the 28 outpatient clinics represent a fully manageable system for the development and installation of improvement in patient care, training of health services personnel, and research.

IN-PATIENT AND OUT-PATIENT CARE

In support of these programs, the 1968 estimates propose four major improvements in the quality of care as a second step in the program of improvement initiated by the Congress in 1967. These are:

PERSONNEL INCREASES

Increases in staffing ratios for in-patient care from 150 to 158 employees per 100 patients, for out-patient care in hospitals from 0.96 to 1.01 employees per 1,000 visits and an increase from 0.79 to 0.82 employees per 1,000 visits in the separate out-patient clinics. This increase will require 290 positions and \$2,326,000.

An initial project for modernizing our method of furnishing care by installing a multiphonic screening unit at our Staten Island, N.Y., hospital. By utilizing automatic equipment and computer techniques, this unit will provide complete information for the diagnosis of a patient's condition and for the development of health guidance to assist him in maintaining good health. The estimates provide 46 positions and \$400,000 for this purpose.

DRUGS AND PATIENT SUPPLIES

The sum of \$564,000 is requested to support our requirements for drugs and patient supplies. This addition is needed to achieve a level of support consistent with the need to treat our patients with modern drug therapy and also to replace supplies formerly obtained from Department of Defense surplus but no longer available because of increased activity in Vietnam.

Senator HILL. You are not getting these supplies now?

Dr. WALSH. No. Our current surplus acquisition is \$250,000 less than in fiscal year 1966 and \$800,000 less than in fiscal year 1964.

CARVILLE HOSPITAL CARE IMPROVEMENT

Eight positions and \$69,000 are requested to improve patient care at our Carville hospital.

TRAINING PROGRAMS

In the light of the nationwide shortage of health personnel, an increase in our training programs is a worthwhile contribution toward supplying the acute and growing need for medical and related skills. The present request continues the increase in the number of medical and dental interns and residents, and provides for training in pharmacy, medical records, and X-ray and laboratory techniques.

BUDGET REQUEST

Outside specialty training, intramural specialty fellowships, and instructional personnel complete the requirement. The total need is 53 positions and \$839,000. Appropriate weight has been given in our ratio calculations to the contribution that these personnel will make toward the direct care of patients. The stimulus of such programs, together with the cooperative gain that will come from our growing affiliation

with medical, dental, and other health professions schools, is a necessary component of our program.

RESEARCH PROGRAMS

Our affiliations with universities are not limited to training. In the area of research, we have substantial collaborative programs at Baltimore, Md., New Orleans, La., and Seattle, Wash.

Increasing cooperation is evident at all stations where proximity permits the development of these essential relationships. Improvement in this area, however, requires the ability to contribute increased skills to the joint effort in which particular emphasis will be placed on the development of more efficient methods to provide better patient care at the least cost.

BUDGET REQUEST

To this end, the estimates propose an increase in our research staff of eight positions at a cost of \$118,000.

OTHER INCREASES IN INPATIENT AND OUTPATIENT CARE

A total increase of \$272,000 will provide \$150,000 for increased consultant services, \$44,000 for a higher ration allowance to meet increasing food costs, and \$78,000 for other miscellaneous changes. Finally, eight positions and \$100,000 will supply added depth to the headquarters staff in the program planning and budgeting area.

The total increase, including built-in costs for the inpatient and outpatient care activity amounts to 417 positions and \$6,476,000.

COAST GUARD MEDICAL SERVICES

This program provides medical services to the Coast Guard aboard their vessels and at their shore stations. The major problem of the Coast Guard program is provision of adequate medical and dental care to personnel widely dispersed in numerous small units, many of which are geographically and medically isolated.

BUDGET REQUEST

Increased Coast Guard strength, expanded stations, additional ice-breaker responsibilities, and the requirement to furnish a greater proportion of the dental needs of coastguardsmen require an increase of 14 positions and \$216,000.

DIVISION OF FEDERAL EMPLOYEE OCCUPATIONAL HEALTH AND SAFETY

The Division of Federal Employee Health was activated on June 1, 1966, to meet the problems and needs arising in protecting the occupational health of the 2,700,000 Federal employees, and the work safety of some 40,000 Public Health Service personnel.

CONSULTATION, STANDARDS AND EVALUATION OF FEDERAL EMPLOYEE HEALTH PROGRAMS AND SERVICES

Congress, in 1946, passed Public Law 658, authorizing the establishment of Federal employee health services. This law holds the

Public Health Service responsible for providing consultation, standards, and evaluation of Federal employee health programs and services. The law also authorizes agencies, after securing such consultation, to enter into contractual and reimbursable agreements for the provision of needed services.

WORK INJURY LOSSES

The occupational health of the Federal labor force has become a direct and rising cost of "doing business." Work injury loss among Federal employees currently costs the Government in excess of \$41 million annually in direct expenditures.

HEALTH DISABILITY

Thirty percent of Federal employee retirements are for health disability. The use of 20 million days of sick leave per year by Federal employees can be translated into disablement that brings discouragement, hardship, and loss of productivity.

In June 1965, the President stated before the Cabinet:

Private industry in the United States discovered long ago that a good employee health maintenance program is a paying proposition. The Federal Government has not kept up with the examples set by private employers. I want that situation to change.

HEALTH UNIT OPERATIONS

The Division is now operating 57 employee health units, serving some 361 Federal agencies and activities and about 93,000 Federal workers. Requests are on hand to open 30 new health units serving an additional 50,000 employees. Several major agencies have requested evaluation of their internal, on-going employee health programs.

BUDGET REQUEST

The 1968 budget estimate reflects an increase of \$960,000 and 144 positions to operate the requested 30 new health units. Of the increase, \$838,000 and 135 positions will be financed through reimbursement mainly from other Federal agencies.

The remainder of the increase, \$122,000 and nine positions, is requested in appropriations. This will provide for augmentation of headquarters staff in financial management, statistics, safety engineering, industrial hygiene, and safety inspection.

TOTAL BUDGET REQUEST

The estimates for 1968 amount to a total of 6,871 positions and \$75,631,000 of which \$63,851,000 is needed in appropriated funds while \$11,780,000 will be supplied from reimbursements.

This concludes my statement on hospitals and medical care. I am available to answer questions and Admiral Fishburn, Chief Medical Officer of the Coast Guard, and Dr. Siegel, Director of the Division of Federal Employee Occupational Health and Safety are present to respond to questions you may have regarding their programs.

REIMBURSEMENTS

Senator HILL. Where will these reimbursements largely come from?
Dr. WALSH. From other Federal agencies, Mr. Chairman.

DEPARTMENTAL AND BUDGET BUREAU REDUCTIONS AND THEIR EFFECTS

Senator HILL. It is quite a bit under what you requested, isn't it, some \$11 million?

Dr. WALSH. The reduction consisted of 290 positions, and \$11 million.

Senator HILL. How much is this reduction going to affect your work?

Dr. WALSH. There are several areas where I think it will significantly affect our work by delaying implementation or augmentation of programs. In the case of emergency health services, 40 positions and \$61½ million were taken from the request. As a result, we will not be able to assign to each of the States people whom we had planned assigning to develop emergency health services programs. Instead of assisting each of the States in organizing and operating emergency health service units, we will be able to help only six States.

We will be able to support probably one demonstration project instead of six. We will have to defer for at least another year the opening of two new schools for medical record libraries. Although the present national deficit of these professionals has been estimated at 7,000, there are only 200 to 250 graduates per year, 5 percent of whom are from our school for medical record librarians in Baltimore.

It will mean that the 18 positions and \$286,000 which the Federal employee health program had requested will not be made available. This will defer the assignment of people to the regions for another year, thereby limiting our services to other agencies. It will delay our achievement of what we feel is desired staffing levels, particularly in the nursing and preventive medicine areas, and in other direct care operations.

Senator HILL. The Department didn't reduce you so much. Most of your reduction came from the Bureau of the Budget.

Dr. WALSH. The Department reduced us 77 jobs and \$1 million.

Senator HILL. The rest of the reduction was in the Bureau of the Budget.

Dr. WALSH. The other reduction I neglected to mention, occurred in the multiphasic operation, analogous to the Kaiser project at Oakland, which consisted of 32 positions and \$564,000.

COAST GUARD

Senator HILL. We know that the Coast Guard is a very fine outfit, and they have been through the years. How much is this going to affect your service to them?

Dr. WALSH. The 14 positions will prevent Coast Guard medical services from receiving or from attaining the desired completion rate of dental care, particularly among recruits, as well as delaying their assignment of physicians to certain isolated stations, recruit centers and aviation activities.

HOSPITAL MODERNIZATION PROGRAM

Senator HILL. Let me ask you this. For some time now, we have been interested in a program for the modernization of your hospitals. We haven't made much progress, have we?

Dr. WALSH. I think that we have now, Senator.

Senator HILL. You think that you have now.

Dr. WALSH. Yes.

Senator HILL. That is good.

Dr. WALSH. We have currently at the Bureau of the Budget the program document for San Francisco and a summary of the other hospitals, with our estimate of costs and our time schedule. We anticipate a response within the next week or two.

In addition, we have scheduled presentations to the Bureau of the Budget for each of the remaining hospitals, so that the last will be presented by next January.

Finally, the Carville hospital has been under architect and engineering contracts since mid-August of this past year, so that we feel that we have made very significant progress.

Senator HILL. You have made definite progress.

Dr. WALSH. Yes, sir.

Senator HILL. So far as your modernization is concerned.

Dr. WALSH. That is right, sir.

PROGRAM PLANNING AND CONSTRUCTION

Senator HILL. But you are not asking for any money for construction.

Dr. WALSH. We have not asked any construction money because we have not yet had released to us planning money. In the case of Carville, we should be ready to go into construction for fiscal year 1969, at which time we will ask for construction funds.

Senator HILL. Do you think it will be that time before you get your plans ready?

Dr. WALSH. Yes, sir. What we are attempting to do in the modernization program is to utilize to the fullest extent industrial and systems engineering techniques, so we can build the most efficient open-ended hospital that we can within our funds.

Senator HILL. You do think that you are making progress now toward this end, of modernization.

Dr. WALSH. Yes, sir; we hope to have San Francisco under architect and engineering contracts within 90 days, and Galveston is scheduled for presentation to the Bureau of the Budget next month, and New Orleans the months after, and Staten Island the month after that. The last presentation is scheduled for January of 1968.

We hope to have the last hospital under A. & E. contract by the end of April of 1968.

Senator HILL. Is there anything that you other gentlemen would like to add?

COAST GUARD ECONOMICAL RELATIONSHIP WITH PUBLIC HEALTH SERVICE

Dr. FISHBURN. I would like to say that the Coast Guard continues to enjoy a very excellent and I think economical relationship with the Public Health Service, and that the 14 positions we were allowed to request will be absorbed primarily by new programs and our increased activity in Southeast Asia.

Senator HILL. That is interesting. As I said, the Coast Guard has been doing a mighty fine job for a long time. We also appreciate your statement.

HOSPITAL CONSTRUCTION ACTIVITIES

STATEMENT OF DR. HARALD M. GRANING, DIRECTOR OF THE DIVISION OF HOSPITAL AND MEDICAL FACILITIES; ACCOMPANIED BY JAMES B. CARDWELL, DEPUTY ASSISTANT SECRETARY, BUDGET

APPROPRIATION ESTIMATE

HOSPITAL CONSTRUCTION ACTIVITIES

To carry out the provisions of [section 318 and] title VI of the Act, as amended, and, *except as otherwise provided*, parts B and C of the Mental Retardation Facilities Construction Act (42 U.S.C. 2661-2677), and [except as otherwise provided,] the Community Mental Health Centers Act (42 U.S.C. 2681-2687), and section 202 of the Appalachian Regional Development Act of 1965, *as amended, for project grants for construction, equipping, and operation of demonstration health facilities as may be authorized by law*, [\$313,525,000] \$308,357,000, of which [\$170,000,000] \$180,000,000 shall be available until June 30, [1968] 1969 (except that funds for Guam, American Samoa, and the Virgin Islands shall be available until June 30, [1969] 1970), for grants or loans for hospitals and related facilities pursuant to section 601(b) of the Public Health Service Act, \$100,000,000 shall be available until June 30, [1968] 1969 (except that funds for Guam, American Samoa, and the Virgin Islands shall be available until June 30, [1969] 1970), for grants or loans for facilities pursuant to section 601(a) of the Public Health Service Act, [\$5,000,000 shall be for special project grants pursuant to section 318 of the Public Health Service Act, \$7,500,000] \$10,000,000 shall be for the purposes authorized in section 624 of the Public Health Service Act, [\$10,000,000, to remain available until expended, shall be for grants for facilities pursuant to part B of the Mental Retardation Facilities Construction Act, \$15,000,000 shall be available until June 30, 1968, for grants for facilities pursuant to part C of the Mental Retardation Facilities Construction Act,] and [\$2,500,000] \$15,000,000, to remain available until expended, shall be for grants for construction, equipment and operation of demonstration health facilities *as may be authorized by law* [under the Appalachian Regional Development Act of 1965: *Provided*, That there may be transferred to this appropriation from "Construction of community mental health centers" an amount not to exceed the sum of the allotment adjustments made by the Secretary pursuant to section 202(c) of the Community Mental Health Centers Act].

Amounts available for obligation

	1967	1968
Appropriation.....	\$313,525,000	\$308,357,000
Comparative transfer to:		
"Community health services".....	—25,206,000	-----
"Comprehensive health planning and services".....	—5,000,000	-----
Total.....	283,319,000	308,357,000

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Obligations by activity¹

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Grants for construction of health facilities:						
(a) Hospitals, public health centers, etc.		\$135,000,000		\$130,000,000		-\$5,000,000
(b) Long-term care facilities		70,000,000		70,000,000		
(c) Diagnostic or treatment centers		20,000,000		20,000,000		
(d) Rehabilitation facilities		10,000,000		10,000,000		
(e) Modernization of health facilities		35,000,000		50,000,000		+15,000,000
2. Grants for construction and operation of demonstration health facilities		2,500,000		15,000,000		+12,500,000
3. Hospital and medical facilities research	49	7,500,000	60	10,000,000	+11	+2,500,000
4. Operations and technical services	253	3,286,000	253	3,357,000		+71,000
(a) Hospital and medical facilities construction program	243	3,181,000	243	3,252,000		+71,000
(b) Appalachian program	10	105,000	10	105,000		
Total obligations	302	283,286,000	313	308,357,000	+11	+25,071,000
Unobligated balance, reserve		33,000				-33,000
Total, obligations and balances	302	283,319,000	313	308,357,000	+11	+25,038,000

¹ Hospital construction grants are on an allocation basis.*Obligations by objects*

	1967 estimate	1968 estimate	Increase or decrease
Total number of permanent positions	302	313	+11
Full-time equivalent of all other positions	3	3	
Average number of all employees	282	294	+12
Personnel compensation:			
Permanent positions	\$2,820,000	\$2,939,000	+\$119,000
Positions other than permanent	25,000	25,000	
Total personnel compensation	2,845,000	2,964,000	+119,000
Personnel benefits	259,000	270,000	+11,000
Travel and transportation of persons	326,000	360,000	+34,000
Transportation of things	17,000	18,000	+1,000
Rent, communications, and utilities	59,000	63,000	+4,000
Printing and reproduction	115,000	115,000	
Other services	118,600	134,600	+16,000
Project contracts	263,000	327,000	+64,000
Payment to "Public Health Service management fund"	105,400	108,400	+3,000
Supplies and materials	45,000	46,000	+1,000
Equipment	40,000	51,000	+11,000
Grants, subsidies, and contributions	311,822,833	312,400,000	+577,167
Total obligations by object ¹	316,015,833	316,857,000	+841,167

¹ Includes funds carried over for obligational purposes from prior years for Hill-Burton construction grants and the Appalachian program.*Summary of changes*

1967 enacted appropriation	\$313,525,000
Comparative transfers to:	
"Community health services"	-25,206,000
"Comprehensive health planning and services"	-5,000,000
Unobligated balance, reserve	-33,000
1967 total estimated obligations	283,286,000
1968 estimated obligations	308,357,000
Total change	+25,071,000

LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS 1557

	Base		Changes from base	
	Positions	Amount	Positions	Amount
INCREASES				
A. Built in: Annualization of 9 positions approved in 1967-----				\$46,000
B. Program:				
1. Increase in grants for hospital construction program-----		\$270,000,000		10,000,000
2. Increase in grants for construction and operation of demonstration health facilities (Appalachia)-----		2,500,000		12,500,000
3. Increase in the hospital and medical facilities research and demonstration program-----	49	7,500,000	11	2,500,000
4. Increase for operations and technical services-----	253	3,180,600		35,000
5. Increase in pro rata share of the Public Health Service management fund-----		105,400		3,000
Total program increases-----			11	25,038,000
DECREASES				
A. 1 less day's pay in 1968 (261 days in 1967; 260 days in 1968)-----				-11,000
B. Nonrecurring equipment costs-----				-2,000
Total decreases-----				-13,000
Total net changes requested-----			+11	+25,071,000

EXPLANATION OF CHANGES

Grants for hospital construction program

A net increase of \$10,000,000 is requested for the hospital construction program. This is composed of a decrease of \$5,000,000 for construction of new hospitals, public health centers, etc. and an increase of \$15,000,000 for modernization of health facilities. This will provide \$130,000,000 for new construction of hospitals, and \$50,000,000 for modernization. This ratio is in accordance with provisions of Public Law 88-443 which indicates that thirteen-eighteenths shall be for new construction and five-eighteenths for modernization. The total requested is the full amount authorized in 1968.

Grants for construction and operation of demonstration health facilities (Appalachia)

The \$12,500,000 increase requested for 1968 will provide for construction and operation of demonstration health facilities under the Appalachian Regional Development program. The increase is contingent upon enactment of authorizing legislation.

Hospital and medical facilities research and demonstration program

The \$2,500,000 increase requested for 1968 will permit the approval of increased numbers of research and demonstration projects which focus attention on such problems as (1) improving the operating efficiency of health facilities, (2) improving the functional layout of health facilities, (3) improving the coordination of community health facilities, and (4) developing more effective organizational patterns for the provision of health services.

Operations and technical services

An increase of \$35,000 is requested for 1968 to provide for increased operational costs.

HOSPITAL CONSTRUCTION ACTIVITIES

A request for \$308,357,000 is submitted for 1968. This amount provides \$280,000,000 for the Hill-Burton construction program, \$15,000,000 for the Appalachian Regional Development program, \$10,000,000 for the Hospital and Medical Facilities Research and Demonstration program, and \$3,357,000 for operations and technical services.

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Construction under title VI, the Public Health Service Act (Hill-Burton)

1967 estimate-----	\$270,000,000
1968 estimate-----	280,000,000
Increase or decrease-----	+10,000,000

Grants, subsidies, and contributions

The \$280,000,000 requested for 1968 for construction under Title VI of the Public Health Service Act is the full amount authorized and will provide \$180,000,000 for grants or loans to assist in (a) the construction of hospitals, public health centers, and related facilities and (b) the modernization of hospitals and other health facilities; \$70,000,000 for long-term care facilities; \$20,000,000 for diagnostic or treatment centers; and \$10,000,000 for rehabilitation facilities.

Considerable progress has been made in providing additional general hospital beds and facilities. However, the need and demand for construction of these types of facilities continue at a high level. The need for long-term care and ambulatory facilities is also acute and the interest of communities in construction these relatively low cost facilities in lieu of expensive general hospital beds continues to increase. Increase in our population and the enactment of medicare which partially removes the financial barriers to care in nursing homes and hospitals further contribute to the need for additional beds and facilities.

The rate at which existing facilities are becoming obsolete and require replacement is a serious threat to health facilities, particularly those quality care hospitals located in our more densely populated areas. State plan covering the need for modernization of health facilities have now been approved, and many cities and communities are now ready to seek assistance under this program to modernize or replace functionally and structurally obsolete facilities.

State agencies reported in January 1966 that if unlimited Federal funds were available 827 projects costing a total of \$1,651,323,000 and utilizing Federal funds in the amount of \$654,917,000 could be approved in 1968. Many of the 1,938 projects which States reported could be approved in 1967 will not be constructed because of limited funds and will further add to this total. In order that the greatest program impact possible may be made, therefor, the maximum amounts authorized to be appropriated are requested.

A net increase of \$10,000,000 for 1968 over 1967 is requested.

1. *Hospitals and public health centers, etc.*—The amount of \$130,000,000 is requested for the construction of new and expanded hospitals and public health centers out of the \$180,000,000 requested pursuant to Section 601(b). This is a decrease of \$5,000,000 from the amount available in 1967. That portion of the \$130,000,000 that will be utilized for general hospital construction will produce an estimated 15,025 beds. Construction taking place outside the program will produce an additional 13,000 beds. The total of 28,025 will be sufficient to more than offset those required for population increases and to further reduce the existing deficit.

2. *Modernization of health facilities.*—An amount of \$50,000,000, the full amount authorized, is requested for the modernization of hospitals and other health facilities out of the \$180,000,000 requested pursuant to the provisions of Section 601(b). This is an increase of \$15,000,000 over the amount available for 1967.

While the Hill-Burton program has achieved notable results in bringing needed health facilities to many areas, an additional serious and growing problem has emerged. Many hospitals and other health facilities—particularly those quality care general hospitals located in our more densely populated areas—are functionally or structurally obsolete and are becoming increasingly inefficient or unsafe to operate. Yet these are the hospitals which provide for highly specialized hospital services, conduct research, put into practice the latest advances in medical science, and help train future physicians, nurses, and other health specialists.

This modernization problem is one of the more urgent needs in the hospital field today. State plans for the modernization program have now been submitted and show the need for modernizing or replacing 272,000 general hospital beds. It is estimated that the \$50,000,000 requested will modernize or replace 6,200 beds.

3. *Long-term care facilities.*—The need for chronic disease and nursing home beds continue to grow with the increase in our aging population and the demand for such beds will increase as a result of the medicare program. State agencies report that 318,700 long-term care beds, including extended care facility beds, must be constructed, modernized, or replaced. Providing more long-term care beds will not only permit more economical care of patients requiring this type of service, but in addition, will tend to lessen the pressures for additional general hospital beds in some communities. The \$70,000,000 requested for 1968 is the same as appropriated for 1967, the total amount authorized, and will provide 13,090 beds.

4. *Diagnostic or treatment centers and rehabilitation facilities.*—The maximum amounts authorized to be appropriated for these two categories are also requested. The construction of these outpatient facilities will provide a means of lessening the pressure for construction of additional expensive bed-care installations, and reducing the cost of health care to patients whose needs may be met through facilities providing outpatient care. The \$20,000,000 for diagnostic or treatment centers and the \$10,000,000 for rehabilitation facilities are the same as appropriated for 1967.

Projects and beds produced by funds requested

Assuming that State agencies program projects along the same lines as occurred in 1964 and 1965, the funds requested above will produce the following projects and beds for 1968. Comparative data are included for 1966 and 1967.

Type of project	Number of projects			Beds provided		
	1966	1967	1968	1966	1967	1968
Hospitals, public health centers, etc.:						
General hospitals.....	247	223	218	16,333	16,100	15,025
Mental hospitals.....	11	12	11	691	414	419
Public health centers and laboratories.....	43	44	50	0	0	0
Subtotal.....	301	279	279	17,024	16,514	15,444
Long-term care facilities.....	272	242	223	14,440	13,090	13,090
Diagnostic or treatment centers.....	106	92	93	0	0	0
Rehabilitation facilities.....	44	42	39	0	0	0
Subtotal.....	422	376	355	14,440	13,090	13,090
Modernization.....	38	62	90	2,520	4,445	6,200
Grand total.....	761	717	724	33,984	34,049	34,734

Construction and operation of demonstration health projects (Appalachia)

<i>Grants for demonstration health projects</i>		
1967 estimate.....		\$2,500,000
1968 estimate.....		15,000,000
Increase or decrease.....		+12,500,000

Section 202 of Public Law 89-4 under proposed amendments authorizes funds for the planning, construction (including acquisition of facilities), equipment and operation of multi-county demonstration projects, including regional health diagnostic and treatment centers and other facilities and services necessary for health.

Grants for construction or equipment (including initial equipment) of any component of a demonstration health project shall not exceed 80% of such costs.

Grants for operation (including initial operating funds and operating deficits comprising among other items the costs of attracting, training and retaining qualified personnel) of a demonstration health project, whether or not constructed with funds authorized under this Act may be made for up to 100%

of the costs thereof for the two-year period beginning, for each facility or service assisted under any such operating grant, on the first day such facility or service is in operation as a part of the project. For the next three years of operation such grant shall not exceed 50% of such costs.

Authorization is provided for funds for the support of the Health Advisory Committee and staff and to make grants for expenses of planning necessary for the development and operation of demonstration health projects.

The Congress intended that these projects demonstrate the value of adequate health facilities and services to the economic development of the Region and insure that comprehensive health services are available to the residents of communities in selected demonstration areas.

In its immediate efforts to implement Section 202, the Appalachian Regional Commission, with the approval of the Department of Health, Education and Welfare, established its Health Advisory Committee. This twenty-five member Committee is comprised of twelve State appointees and twelve Federal appointees, with a Chairman who is jointly appointed by the Federal and State Co-Chairman, and represents a cross section of leaders in the health fields (private physicians, deans of medical schools and schools of public health, private philanthropists, public health officials, hospital administrators, etc.).

The Committee and its staff, supported by the Public Health Service and the Office of Economic Opportunity, with the assistance of various programs of the Public Health Service, conducted an extensive field study and appraisal of the health needs and facilities in Appalachia.

On completion of this study, the Commission found that construction and operation of health facilities would only partially meet the needs of the Region. During this study, particular emphasis was placed on identification of available health resources and the development of a program which would assure the most efficient and productive method of channeling the grant funds into the local areas. This would provide the greatest possible increase in the delivery of health services to those people most in need of such services.

In January 1966, the Committee recommended and the Commission adopted the Criteria and Guidelines for the development of Section 202 projects, aimed at making available comprehensive health services to all residents in a multi-county service area.

The Committee has emphasized three major concepts: regional services, comprehensive care and demonstration of new health services techniques. These projects must include health education, personal preventive services, diagnostic and therapeutic services, rehabilitative and restorative services and community-wide environmental health services. The development and operation of any community health service under Section 202 shall preserve and encourage all existing programs and arrangements involving the relationships between the physician and the patient.

It has been determined that funds to develop adequate health services could be used most prudently by broadening the scope of existing authority. Legislation is presently pending which will extend and amend the existing legislation.

Since the adoption of the Criteria and Guidelines, the Public Health Service staff, working under the direction of the Commission, has made extensive field visits throughout Appalachia working with the State and local communities in the complex process of comprehensive health service project development.

Prior to 1967 no grant funds were obligated pending the completion of the field survey and establishment of the criteria and guidelines.

The Commission has given assurance that there are sufficient projects on hand and under development that will permit the commitment of the \$23,500,000 presently available, as well as the increased amount being requested in this esti-

mate. These include one project formally submitted for funding and 4 additional projects informally submitted and under review. It is anticipated that these will be formally submitted by the States within 60-90 days. There are also 4 additional projects in various stages of development.

A request is submitted for \$15,000,000 for 1968 for a net increase of \$12,500,000 over 1967 which will allow the Federal Government to assist State and local communities in the development of health services to meet their needs.

Hospital and medical facilities research

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits.....	49	\$508, 000	60	\$616, 000	+11	+\$108, 000
Other expenses.....		6, 992, 000		9, 384, 000		+2, 392, 000
Total.....	49	7, 500, 000	60	10, 000, 000	+11	+2, 500, 000
SUMMARY OF PROGRAM						
Research and demonstration grants.....		6, 600, 000		8, 900, 000		+2, 300, 000
Intramural research.....		900, 000		1, 100, 000		+200, 000
Total.....		7, 500, 000		10, 000, 000		+2, 500, 000

A total of \$10,000,000 is proposed for the Hospital and Medical Facilities Research and Demonstration Program. This research and demonstration effort is essential to enable hospitals and other health facilities to upgrade their functional layout, operation, organization, and general effectiveness so as to keep pace with the rapid advances being made in medical research and the practice of medicine.

In addition the funds requested will permit the approval of research and demonstration projects which focus attention on such problems as (1) improving the operating efficiency of health facilities, (2) improving the layout of health facilities, (3) improving the coordination of community health facilities, and (4) developing more effective organizational patterns for the provision of health services.

Research and demonstration studies will be undertaken relating to such areas as:

1. Improvements in hospital organization and patterns of service which may lead to greater efficiency and lower costs of operation.

2. Greater safety and efficiency in health facility operation through changes and improvements in the characteristics of facility design, construction, and equipment.

3. The utilization rates of health facilities and the relationship of such rates to the need for various types of health facilities.

4. Improvements in the design of hospitals.

Eleven additional positions are proposed for the intramural phase of the program to provide the staff needed for conducting studies in the field of hospital operation, including the testing and adaptation of automated data processing systems to all facets of hospital and other health facility operations.

Operations and technical services

	1967 estimate		1968 estimate		Increase or decrease	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
Personnel compensation and benefits	253	\$2, 596, 000	253	\$2, 618, 000	-----	+\$22, 000
Other expenses		690, 000		739, 000	-----	+49, 000
Total	253	3, 286, 000	253	3, 357, 000	-----	+71, 000
Summary of program:						
(a) Hospital and medical facilities construction program	243	3, 181, 000	243	3, 252, 000	-----	+71, 000
(b) Appalachia program	10	105, 000	10	105, 000	-----	
Total	253	3, 286, 000	253	3, 357, 000	-----	+71, 000

The estimate of \$3,357,000 and the 253 positions requested are necessary to the continuation of the Federal government's role of providing national leadership in the operation of (a) the Hill-Burton program, (b) providing architectural and engineering services in the processing of applications under the mental retardation facilities program, and (c) the Appalachia program for construction of multi-county demonstration health facilities, and for supplemental grants to projects approved for Hill-Burton aid in the Appalachian region.

The funds requested will support the staff necessary to provide technical assistance and consultation to sponsors and State agencies regarding all aspects of program administration; develop and revise minimum standards of design construction, and equipment; review and approve basic documents, such as State plans, applications, and architectural drawings and specifications; compile and analyze data relating to problems in hospital and medical facility planning for the purpose of reflecting health facility needs and developing or projecting a base for a balanced program approach; maintaining surveillance over bid awards and the construction of facilities; and the development of regulations, procedures, and policies for operation of the program.

In connection with the Appalachia program, the same basic activities identified above for the Hill-Burton program are carried out, and in addition, data relating to such problems as the needs of the Appalachia area for health services and facilities must be developed and analyzed. A close liaison relationship is maintained with the Appalachian Regional Commission regarding the development of projects, the need therefor, and the extent to which such projects will contribute to the economic development of the Appalachian region.

A total increase of \$84,000 is requested for 1968 for operation and technical services activities. Of this amount, partially offset by nonrecurring costs amounting to \$13,000, \$46,000 for mandatory costs, \$3,000 for the pro-rata share of the Public Health Service management fund, and \$35,000 for increased operational costs.

EXHIBIT 1. HOSPITAL CONSTRUCTION ACTIVITIES

Allocations to States for construction of hospital and medical facilities

	Fiscal year		
	1966	1967	1968
Total	\$258,500,000	\$270,000,000	\$280,000,000
Alabama.....	7,582,721	7,531,936	7,424,061
Alaska.....	750,000	750,000	750,000
Arizona.....	2,456,746	2,477,104	2,592,986
Arkansas.....	4,445,097	4,379,755	4,131,068
California.....	13,869,919	14,390,467	15,474,150
Colorado.....	2,346,927	2,541,105	2,816,710
Connecticut.....	1,787,652	2,170,924	2,662,947
Delaware.....	750,000	750,000	750,000
District of Columbia.....	791,579	782,182	773,956
Florida.....	9,012,859	9,264,822	9,424,662
Georgia.....	8,451,100	8,331,482	8,116,196
Hawaii.....	1,044,127	1,026,624	947,694
Idaho.....	1,362,435	1,337,186	1,235,894
Illinois.....	8,374,671	9,112,630	9,966,741
Indiana.....	6,018,230	6,462,739	6,575,159
Iowa.....	3,918,964	4,257,154	4,332,973
Kansas.....	3,128,959	3,354,793	3,342,127
Kentucky.....	6,363,606	6,270,427	6,170,963
Louisiana.....	7,096,802	6,991,881	6,749,672
Maine.....	1,775,580	1,772,862	1,832,862
Maryland.....	3,340,667	3,519,935	3,951,881
Massachusetts.....	4,714,370	5,706,612	6,796,145
Michigan.....	9,741,755	10,487,643	10,055,850
Minnesota.....	4,871,084	5,127,094	5,226,684
Mississippi.....	5,969,077	5,883,459	5,538,545
Missouri.....	5,422,694	5,850,465	6,730,582
Montana.....	1,219,594	1,197,821	1,257,988
Nebraska.....	2,047,762	2,134,648	2,267,752
Nevada.....	750,000	750,000	750,000
New Hampshire.....	1,100,385	1,081,513	1,080,250
New Jersey.....	5,371,505	6,275,499	7,002,551
New Mexico.....	1,913,565	1,886,436	1,774,223
New York.....	13,157,047	14,671,937	16,829,943
North Carolina.....	9,707,217	9,898,683	10,128,283
North Dakota.....	1,269,369	1,246,384	1,236,491
Ohio.....	12,082,319	12,688,579	13,005,467
Oklahoma.....	4,341,402	4,324,947	4,270,004
Oregon.....	2,310,714	2,356,250	2,526,753
Pennsylvania.....	14,168,613	15,624,370	16,694,159
Rhode Island.....	1,287,354	1,234,958	1,164,839
South Carolina.....	5,724,856	5,696,789	5,712,378
South Dakota.....	1,359,088	1,333,921	1,370,669
Tennessee.....	7,724,894	8,020,510	8,217,758
Texas.....	16,883,826	17,263,024	17,913,831
Utah.....	1,649,665	1,627,003	1,601,965
Vermont.....	897,130	884,327	895,796
Virginia.....	7,393,981	7,615,722	7,459,520
Washington.....	3,464,510	3,680,051	3,636,454
West Virginia.....	3,430,694	3,587,162	3,836,426
Wisconsin.....	5,391,423	5,533,879	5,635,076
Wyoming.....	773,265	765,069	775,254
American Samoa.....	59,874	57,145	375,000
Guam.....	149,218	387,251	382,307
Puerto Rico.....	7,105,109	7,269,841	7,453,315
Virgin Islands.....	375,000	375,000	375,000

1564 LABOR-HEALTH, EDUCATION, WELFARE APPROPRIATIONS

Tentative allocations to States for construction and modernization of hospitals and related health facilities for fiscal year 1968¹

State	Total	Moderni- zation	Hospitals and public health centers	Long-term care facilities	Diagnostic or treat- ment centers	Rehabili- tation facilities
Total.....	\$280,000,000	\$50,000,000	\$130,000,000	\$70,000,000	\$20,000,000	\$10,000,000
Alabama.....	7,424,061	804,299	3,767,035	2,011,275	560,968	280,484
Alaska.....	750,000	200,000	200,000	200,000	100,000	50,000
Arizona.....	2,592,986	376,215	1,261,474	673,519	187,852	93,926
Arkansas.....	4,131,068	339,390	2,157,089	1,152,021	321,312	160,656
California.....	15,474,150	2,427,302	7,424,427	3,964,009	1,105,608	552,804
Colorado.....	2,816,710	634,825	1,241,621	662,920	184,896	92,448
Connecticut.....	2,662,947	908,136	908,591	533,162	148,705	74,353
Delaware.....	750,000	200,000	200,000	200,000	100,000	50,000
District of Columbia.....	773,956	200,000	223,956	200,000	100,000	50,000
Florida.....	9,424,662	1,267,389	4,641,970	2,478,415	691,259	345,629
Georgia.....	8,116,196	803,266	4,161,489	2,221,879	619,708	309,854
Hawaii.....	947,694	200,000	389,653	208,041	100,000	50,000
Idaho.....	1,235,894	200,000	577,538	308,356	100,000	50,000
Illinois.....	9,966,741	2,229,018	4,403,221	2,350,944	655,705	327,853
Indiana.....	6,575,159	1,374,570	2,959,442	1,580,089	440,705	220,353
Iowa.....	4,332,973	998,011	1,897,790	1,013,258	282,609	141,305
Kansas.....	3,342,127	711,278	1,497,108	799,328	222,942	111,471
Kentucky.....	6,170,993	645,937	3,144,083	1,678,672	468,201	234,100
Louisiana.....	6,749,672	594,608	3,502,599	1,870,086	521,589	260,794
Maine.....	1,832,862	326,361	857,288	457,719	127,063	63,831
Maryland.....	3,951,881	696,725	1,852,376	989,011	275,846	137,923
Massachusetts.....	6,796,145	2,218,496	2,604,953	1,390,822	387,916	193,958
Michigan.....	10,055,850	2,218,939	4,459,065	2,381,080	664,111	332,055
Minnesota.....	5,226,684	998,355	2,406,169	1,284,689	358,314	179,157
Mississippi.....	5,538,545	412,745	2,916,883	1,557,366	434,367	217,184
Missouri.....	6,730,582	1,400,480	3,033,143	1,619,439	451,680	225,840
Montana.....	1,257,988	286,979	535,238	285,771	100,000	50,000
Nebraska.....	2,267,752	465,067	1,025,840	547,711	152,763	76,381
Nevada.....	750,000	200,000	200,000	200,000	100,000	50,000
New Hampshire.....	1,080,250	200,000	476,070	254,180	100,000	50,000
New Jersey.....	7,002,551	2,061,216	2,811,911	1,501,320	418,736	209,368
New Mexico.....	1,774,223	200,000	895,826	478,294	133,402	66,701
New York.....	16,829,948	4,225,679	7,172,573	3,829,541	1,068,103	534,052
North Carolina.....	10,128,288	1,438,141	4,945,206	2,640,318	736,415	368,208
North Dakota.....	1,236,491	200,399	577,667	308,425	100,000	50,000
Ohio.....	13,005,467	2,285,066	6,100,541	3,257,167	908,462	454,231
Oklahoma.....	4,270,004	529,857	2,128,364	1,136,365	316,945	158,473
Oregon.....	2,526,753	413,728	1,202,436	641,998	179,061	89,530
Pennsylvania.....	16,694,159	3,988,652	7,230,184	3,860,300	1,076,682	538,341
Rhode Island.....	1,164,839	200,000	531,215	283,624	100,000	50,000
South Carolina.....	5,712,378	610,292	2,903,388	1,550,161	432,358	216,179
South Dakota.....	1,370,669	235,060	642,545	343,064	100,000	50,000
Tennessee.....	8,217,758	1,333,271	3,917,080	2,091,706	583,401	291,700
Texas.....	17,913,831	2,462,554	8,792,689	4,694,544	1,309,363	654,681
Utah.....	1,601,965	213,575	790,076	421,833	117,654	58,827
Vermont.....	895,796	200,000	345,796	200,000	100,000	50,000
Virginia.....	7,459,520	1,164,682	3,582,134	1,912,554	533,433	266,717
Washington.....	3,636,454	746,579	1,644,509	878,028	244,892	122,446
West Virginia.....	3,836,426	678,632	1,796,971	959,429	267,596	133,798
Wisconsin.....	5,635,076	901,007	2,693,964	1,438,347	401,172	200,586
Wyoming.....	775,254	200,000	225,254	200,000	100,000	50,000
American Samoa.....	375,000	100,000	100,000	100,000	50,000	25,000
Guam.....	382,307	100,000	107,307	100,000	50,000	25,000
Puerto Rico.....	7,453,315	873,229	3,744,457	1,999,220	557,606	278,803
Virgin Islands.....	375,000	100,000	100,000	100,000	50,000	25,000

¹ Basis of allocations, per statutory formula:

(a) Total population, as estimated by the Bureau of the Census: (1) "Provisional Estimates of the United States, and Puerto Rico, July 1, 1966" (series P-25, No. 348, Sept. 16, 1966); "American Samoa, Guam, and Virgin Islands, Provisional Estimates as of July 1, 1965" (series P-25, No. 336, Apr. 26, 1966).

(b) Allotment percentages for fiscal years 1968 and 1969, as determined by the Surgeon General, Sept. 30, 1966

New positions requested, fiscal year 1968

Hospital and medical facilities research	Grade	Annual salary
Public health specialist (2)	GS-14	\$30,212
Public health adviser (3)	GS-13	38,619
Research analyst (2)	GS-12	21,854
Research analyst (1)	GS-11	9,221
Do	GS-9	7,696
Clerical assistant (2)	GS-5	10,662
Total new positions (11)		118,264

HILL-BURTON CONSTRUCTION, HOSPITAL RESEARCH AND DEMONSTRATION,
AND APPALACHIAN PROGRAMS

Senator HILL. We are happy to have you proceed and we are happy to have you back with us.

Dr. GRANING. Mr. Chairman and members of the committee, it is a privilege to appear today in support of the Hill-Burton construction program, hospital research and demonstration program, and the Appalachian program.

BUDGET REQUEST

The total request for the activities included in this budget is \$308,-357,000. This amount provides \$280 million for the Hill-Burton construction program, \$10 million for the hospital and medical facilities research and demonstration program, \$15 million for the Appalachian program, and \$3,357,000 for operations and technical services.

FACILITY EXPANSIONS AND MODERNIZATIONS AND GENERAL HOSPITAL
CONSTRUCTIONS

I would like to place before the committee a quick picture of the health facility situation before discussing the specific request included in this budget. The most pressing demands presented by communities relate to the expansion and modernization of existing facilities and the construction of new general hospitals.

The pattern has not changed significantly in that the need for additional general beds has its major focus in rural and suburban areas while the urban areas desperately need assistance in the modernization and replacement of existing general hospitals.

While the medicare program will make substantial demands on long-term care facilities, we believe the pattern of private investment and Federal aid programs will continue to make inroads into the serious problem of providing adequate care for our aging population.

OUTPATIENT AND PREVENTIVE HEALTH SERVICE FACILITIES

Also, outpatient facilities which lessen the pressure for inpatient care facilities must be established wherever necessary.

And last, but not least, preventive health services must be strengthened through the establishment of facilities through which public health services can be provided efficiently.

RESEARCH AND DEMONSTRATION

Research and demonstration as a means of finding better and more economical methods of delivering health services in an institutional setting are first-priority items. Technological advances, such as automation, hold great promise for improving hospital care and increasing the efficiency of the hospitals' communication system and business operations.

While this is a "birds-eye" view of the problem, it is within this context that I wish to speak in support of the specific budget requests.

Senator HILL. I think it is a pretty good "birds-eye" view.

HILL-BURTON CONSTRUCTION

Dr. GRANING. Thank you, Mr. Chairman.

As to the Hill-Burton construction program, the \$280 million requested, the full amount authorized for Hill-Burton construction, includes \$130 million for the purpose of constructing new and expanded hospitals and public health centers.

In the main, these funds will be used to construct additional general hospital beds and facilities and this utilization will continue the trend of reducing the deficit of general hospital beds.

LONG-TERM CARE FACILITIES

The need for construction of long-term care facilities continues at a high level. Our aging population continues to increase and the demand for adequate nursing home care must be met.

In addition, the enactment of the medicare program partially removes the economic barrier to long-term and extended care, and the demand for facilities providing services of this nature will unquestionably increase. Accordingly, \$70 million is requested for long-term care facilities.

TREATMENT CENTERS AND REHABILITATION FACILITIES

The request also includes \$20 million for diagnostic or treatment centers and \$10 million for rehabilitation facilities. These amounts will permit communities to continue the construction of outpatient care facilities and further reduce the need for additional inpatient facilities which are more expensive to construct and operate.

HOSPITAL AND FACILITY MODERNIZATIONS

A total of \$50 million is requested for the modernization of hospitals and other health facilities. While the Hill-Burton program has achieved notable results in bringing needed general hospital beds and facilities to many areas, particularly rural and suburban areas, a serious and growing problem of replacing and modernizing hospitals has emerged.

Rapid advances in medical science have made obsolete many features of hospitals built 20 years or more ago. This is particularly true of the quality care hospitals which provide highly specialized hospital

services, conduct research, apply the latest advances in medical science, and train future physicians, nurses, and other health specialists.

HOSPITAL AND MEDICAL FACILITIES RESEARCH AND DEMONSTRATION PROGRAM

The \$10 million requested for the research and demonstration studies relating to hospital services, facilities, and resources is a modest investment when considered in relation to the \$2 billion expended annually to construct medical facilities of all types or the \$9.1 billion in their operation. Great emphasis and a high priority is placed on the research and demonstration program because these activities hold the greatest promise for dramatic improvements in hospital organizations operation, and design.

COMPUTER TECHNIQUE PROJECTS

During 1968 particular attention will be given to the funding of projects which involve the application of computer techniques to hospital operation.

INTRAMURAL PERSONNEL

Eleven additional positions are needed in the intramural phase of the program to provide the staff needed for supervising contracts and conducting studies in the field of hospital operation including the testing and adaptation of automation techniques.

APPALACHIA PROGRAM

A request for \$15 million is submitted for this program. Section 202 of Public Law 89-4, Appalachian Regional Development Act of 1965, with proposed amendments, authorizes funds for the planning, construction—including acquisitions of facilities—equipment and operation of multicounty demonstration projects, including hospitals, regional health diagnostic and treatment centers, and other facilities and services necessary for health.

GRANTS FOR CONSTRUCTION AND EQUIPMENT

Grants for construction or equipment—including initial equipment—of any component of a demonstration health project shall not exceed 80 percent of such costs.

GRANTS FOR OPERATION OF DEMONSTRATION HEALTH PROJECTS

Grants for operation of a demonstration health project, whether or not constructed with funds authorized under this act, may be made for up to 100 percent of the costs thereof for the first 2 years.

These grants may include initial operating funds and operating deficits including the cost of attracting, training, and retaining qualified personnel. For the next 3 years of operation such a grant may not exceed 50 percent of such costs.

The Congress intended that these section 202 projects demonstrate the value of adequate health facilities and services to the economic

development of the region and insure that comprehensive health services are available to the residents of communities in selected demonstration areas.

PROGRAM GUIDELINES

The Commission, with the approval of the Department of Health, Education, and Welfare, established its Health Advisory Committee to develop criteria and guidelines for a program which would utilize these funds in the most efficient and effective manner possible in achieving that intent.

Since the adoption of the criteria and guidelines in January 1966, the Committee has worked with the State and local communities in the complex process of project development. Sufficient projects presently are in hand and under development to assure commitment of these funds during 1968. These projects represent the Federal Government's attempt to assist States and communities in the development of health services to meet their needs.

OPERATIONS AND TECHNICAL SERVICES

The request for \$3,357,000 is necessary to the continuation of the Federal Government's role of providing national leadership in the planning, design and construction of all types of health facilities. No new positions are being requested for the construction phase of the program.

The present staff is needed to carry out such complex responsibilities as reviewing State plans, project applications, and architectural drawings, and providing consultation to State agencies and project sponsors regarding the many planning, administrative, and construction features of health facility grant-aided construction programs.

Mr. Chairman, I shall be glad to answer any questions you may have concerning this program or the budget request.

BUDGET BUREAU REDUCTION

Senator HILL. Doctor, you brought us another excellent statement. Let me ask you this question: I notice that the Department went along with your full request of \$328 million, is that right?

Dr. GRANING. Yes.

Senator HILL. But then you got a reduction by the Bureau of the Budget of \$20,708,000, is that right?

Dr. GRANING. Yes, sir.

PENDING APPALACHIA LEGISLATION

Senator HILL. Do you need some new legislative authority for some of this \$20 million?

Dr. GRANING. The Appalachia request is contingent upon enactment of legislation; that is right.

Senator HILL. And that amount is the Appalachia total that you requested.

Dr. GRANING. We asked initially for \$35 million and it was cut by \$20 million so our request now is for \$15 million.

HILL-BURTON PROGRAM

Senator HILL. Well, did the Budget Bureau allow you the full amount authorized under the Hill-Burton Act?

Dr. GRANING. They did, with the exception of operations and technical services, where we were cut \$478,000.

Senator HILL. How much did you have this year for that purpose?

Dr. GRANING. Well, the cut was directed at the deletion, on the part of the Bureau of the Budget, of 35 positions. In this fiscal year, under operation and technical services, we have \$3,286,000, and for the same number of positions, in the 1968 request as you have it before you, there was \$3,357,000 or an increase of \$71,000.

Senator HILL. But that is less than you requested.

Dr. GRANING. That is right.

Senator HILL. How many positions are involved there?

Dr. GRANING. Thirty-five positions.

Senator HILL. In other words, you requested 35 positions in addition to the 253; is that right?

Dr. GRANING. That is right.

Senator HILL. For your new construction, you received the full amount that was authorized, is that right?

Dr. GRANING. Yes, sir. We did.

Senator HILL. The only reduction was the 35 positions.

Dr. GRANING. Yes, sir.

Senator HILL. And your Appalachia funds for which you need new legislation.

Dr. GRANING. Yes, sir.

Senator HILL. Is there anything that you would like to add?

Dr. GRANING. No, sir.

Senator HILL. If you think of anything, will you send it to us and we will include it in the record.

(The following statement was subsequently submitted:)

MATERIAL SUBMITTED AT THE INVITATION OF SENATOR HILL FOR INCORPORATION IN THE RECORD

As indicated during my opening statement the \$10 million requested for research and demonstration studies related to hospital services facilities and resources is a modest investment when considered in relation to the annual investment in construction and in the operation of hospital facilities. The authorization to conduct research experiment and demonstrations relating to the effective development and utilization of services has made it possible for the Hill-Burton program to provide leadership in the development of technical publications and guidelines directed at the improvement of patient care. The rapid advances in medical knowledge have collective impact on the scope of services that must be provided to insure optimum care. Planning for such services in a manner that is most efficient is, of course, the goal of all of our research and development projects.

It may be of interest to the Committee to know that during this past year the Sisters of the Third Order of St. Francis in Peoria, Illinois, received a grant which proposed to use a computer on a shared basis with 10 hospitals ranging in size from 65 beds to 700 beds. Eighty nine nursing stations, and 111 ancillary areas will be contributing to the large data pool that will facilitate communications between departments and combat the delayed informational responses that are so characteristic of many ancillary departments. We anticipate that more complete patient data will be available at an earlier point in time as far as the management of the patient is concerned and that it should provide for both better patient care and earlier discharge from the hospital.

Illustrative of another type of investment was a grant to demonstrate and evaluate a burn unit facility that may well serve as a prototype for hospitals and institutions in communities throughout the Nation. The grant to the University of Michigan Medical School will make it possible for their university hospital to reorganize an existing burn unit by incorporating the most recent concepts in burned patient care and controlling environmental conditions deemed essential to their management.

Personnel supported by funds appropriated for research and demonstration made 274 field trips and offered consultative services in 37 states on problems concerned with hospital operations. These include such things as food services within the hospital, environmental health control, and automation including the development of information systems.

SUBCOMMITTEE RECESS

Senator HILL. I have to answer a rollcall but you brought us a splendid statement which we appreciate very much. Thank you very much.

The subcommittee will stand in recess subject to the call of the Chair.

(Whereupon, at 2 p.m., Thursday, April 13, 1967, the subcommittee was adjourned, to reconvene subject to the call of the Chair.)

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